

## FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND AUGUST 27/AUGUST 28 1994

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Adams upbeat on  
Ulster peace after  
meeting US group

Sinn Féin president Gerry Adams said his meeting in Belfast with an influential Irish-American delegation was "an important step forward" in the Northern Ireland peace process. He and other Sinn Féin leaders spent three hours with a former US Congressman and five other prominent Irish-Americans who were on a private visit to Ulster. The delegation will report to the White House when it returns to the US next week. Page 6

**US to pay arrears to UN:** The US intends to pay more than \$900m towards United Nations peacekeeping costs by the end of the year after years as the body's chief debtor. Madeleine Albright, US ambassador to the UN, said. Page 4

**Brazil's would-be leaders ignore budget**  
When Brazilian president Itamar Franco (left) called all candidates for October's presidential elections to a special preview of next year's budget, economists began to wonder if the country's years of fiscal indiscipline were over. The president intended to stress that the incoming president must keep control of spending. But all the candidates failed to turn up, saying they were too busy campaigning. Page 3

**Russia seeks solution to debt burden:** Russia is seeking a radical long-term solution to its \$30bn foreign debt burden as its budget is stretched to the limit, economics minister Alexander Shokhin said. Page 24

**Swedes back EU membership:** For the first time in more than two years, more Swedes support membership of the European Union than oppose it, an opinion poll shows. Page 2

**Viag ahead 35% in first half:** German energy and industrial conglomerate Viag reported a 35 per cent rise in first-half pre-tax profits to DM411m (\$266m), helped by restructuring. Page 11

**Bad weather thwarts Cuban refugees:** Bad weather in the Straits of Florida forced the first substantial drop in the number of Cuban refugees fleeing to the US by boat since the Clinton administration said it would no longer allow Cubans entry. Page 3; Passionate talk, little action. Page 9

**US fund may take Vox stakes:** GS Capital Partners, an investment fund run by the US securities house Goldman Sachs, may take a 25.2 per cent stake in ailing German television station Vox. Page 11

**PVC prices rise by a third:** Heavy demand for polyvinyl chloride, especially from construction work in east Asia, has led to an increase of almost a third in world prices. Page 24

**Nigeria closes company books:** Nigeria's military regime dissolved the boards of all government-owned companies and federal agencies. Page 3

**Japanese consumer prices fall:** Consumer prices in Japan fell last month for the first time since 1987, but few expect the trend to continue. Page 4

**Bangkok plans to keep cars out:** The Thai government plans to force drivers to leave their cars on the outskirts of Bangkok and use public transport. Page 4

**Föreningsbanken cuts losses:** A near 50 per cent fall in loan losses helped Swedish commercial bank Föreningsbanken cut operating losses in the first half to SKr60m (\$8m) from SKr1.1bn in the same period last year. Page 11

**BP sells rest of nutrition business:** British Petroleum capped a two-year effort to dispose of its nutrition business when it sold the bulk of its remaining interests for \$425m in a management buy-out. Page 10

## In Monday's FT

- The family fight over Richard Wagner's legacy.
- A year in the life of a club class cabin.
- US newspapers race to go electronic.
- Is industry fit enough to keep pace with the recovery?
- Why starting work at 6am is good for you.
- The FT guide to the week ahead with arts, film, television, music and sport.

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## Lady Archer at bid meeting before share order

By Robert Peston and William Lewis

Lady Archer attended an Anglia Television board meeting at which MAI first put its detailed terms for its proposed takeover of the company the day before her husband Lord Archer placed his first order for the purchase of Anglia shares.

Details were yesterday disclosed for the first time of the price sensitive information Lady Archer possessed at the time her

husband placed instructions with stockbrokers to buy 50,000 Anglia shares.

She has told Anglia that she passed no inside information to her husband. However, it emerged yesterday that the Stock Exchange is examining whether Lady Archer took sufficient steps, under its Yellow Book rules, to prevent her husband from being involved in Anglia

share dealings before the £292m takeover of the television company by MAI.

Lord Archer said earlier this week that placing these orders, on behalf of an acquaintance, Mr Saib Brook, was a "grave error" and apologised to his wife for any embarrassment he may have caused her.

The Department of Trade and Industry has decided not to take

any further action against him following a five month inquiry.

The DTI inspectors were informed that Lady Archer was present at an Anglia directors' meeting on January 13, when the full board was for the first time told MAI's proposed bid terms.

MAI's planned bid, at that stage, was about 60p a share, compared with the stock market price at the time of 48p and the

terms eventually put to Anglia shareholders of 637p a share.

The following day, Lord Archer telephoned stockbrokers Charles Stanley, a firm he had never used before, and instructed it to purchase 25,000 Anglia shares. On the day after that, he placed another order for the purchase of a further 25,000 shares. The cost of buying the 50,000 was around £250,000.

On January 18, when the takeover was publicly announced, he placed instructions to sell the shares, netting a dealing profit of £80,000. The cheque for the profit was made out to Mr Brook, though it was sent to Lord Archer's London penthouse near Vauxhall Bridge, overlooking the Thames.

Lady Archer said yesterday that she had not tendered her resignation from the Anglia

Continued on Page 24

Clinton's  
healthcare  
reforms in  
jeopardy

By Nancy Durne in Washington

A tired President Bill Clinton yesterday prepared to leave Washington for an abbreviated summer break, facing the prospect that healthcare reform, the cornerstone of his domestic agenda, could be dead for the year.

In spite of Mr Clinton's victory in securing passage of the crime bill on Thursday night, the prospects for passing health legislation look dim unless he is willing to accept a stripped down bill acceptable to Republicans.

Once Congress returns next month, it will face a mountain of unfinished business - campaign finance and welfare reform, Uruguay Round trade agreement approval, education, environment and ethics bills, and telecommunications regulation. The crowded agenda will make it harder than ever to achieve consensus over healthcare before Congress breaks before the November mid-term elections.

After one of the ugliest political seasons in recent memory, Mr Clinton appeared deeply dispirited even as he welcomed the Senate's final approval of the crime bill on a 61-38 vote. "With a little good faith and a lot of hard

work, Republicans and Democrats overcame the partisan divisions and false choices that have blocked anti-crime efforts time and time again," he said.

Six Republicans left their party ranks to break a Senate filibuster which had tied up the once bipartisan crime bill in debate all week. They gave the president a much-needed victory, but one tarnished by Republican claims that the bill was filled with unnecessary social spending.

Republicans, seeking to deny the president an easy victory in an election year, succeeded in adding an extra three weeks to the crime debate.

The congressional debate fed public scepticism about the government and uncertainty about anything would change as a result of the \$30m (\$19.3bn) crime bill, which took six years to produce.

Senator George Mitchell, the retiring majority leader who gave up an opportunity for a Supreme Court seat to pass the healthcare bill, yesterday insisted that efforts to move ahead on it would continue through the recess.

Mr Clinton, heading off to Martha's Vineyard, the play-

Continued on Page 24



Russian soldiers march past the Red Army Memorial in Berlin during rehearsals for an official farewell parade to be attended next Wednesday by Russian president Boris Yeltsin and Chancellor Kohl of Germany. Picture: Reuters

## New car sales disappoint dealers

By Kevin Done, Motor Industry Correspondent

August registrations up just 0.5% in first 20 days

New car registrations in the first 20 days of August, the most important new car sales month of the year, rose by only 0.5 per cent compared with the same period a year ago, prompting concern among car-makers that the recovery in sales is faltering.

Registrations after the first 10 days were 3.7 per cent higher, already well below the industry consensus that sales would rise by 13-14 per cent to about 600,000 registrations for the month.

Sales weakened even further during the second 10 days. It is thought about 327,448 new cars were registered in the first 20 days, only a marginal increase

from the 325,793 registered in the same period last year.

UK new car registrations in August are traditionally boosted by the change of registration prefix. The month accounts for about a quarter of all new car sales.

Dealers and manufacturers are particularly concerned that it is the weakness of retail sales rather than fleet orders that is undermining the market.

A leading car importer explained: "The industry usually enters August with advanced retail orders and with advanced fleet orders, and then there is a further surge in retail sales. This

year there does not seem to have been the second wave of retail customers coming in."

August is most the most important month for retail sales, with purchases by private customers and small businesses making up 70 per cent of sales with the balance taken by fleet operators.

During the first 20 days retail sales fell by 5.8 per cent year-on-year. The market as a whole was only sustained by a 13 per cent increase in fleet sales.

A senior executive with a leading UK carmaker said last night: "Showroom traffic slowed from the end of the first week of August. It is not a disaster, but it

is less than we hoped for, and we are surprised that there are fewer retail buyers. There's lots of advertising in place, but it just does not seem to be coming through."

The weakness of demand is intensifying the competition with some manufacturers adding bonuses to certain models to encourage dealers to register cars on their own fleets in the absence of final customers.

The UK has helped lead the European new vehicle market out of recession this year. In the first seven months new car registrations rose 13.3 per cent year-on-year to 990,752.

US leads  
fresh surge  
in markets

By Stephen Thompson in London and Patrick Harversen in New York

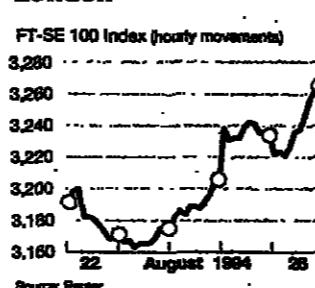
Equity markets on both sides of the Atlantic surged ahead yesterday in the wake of further encouraging economic news from the US this week.

The FT-SE 100 index of leading UK stocks rose 30.9 to 3,265.1 - its highest closing level since mid-March - rounding off a week of strong gains that have left the index up 2.3 per cent.

On Wall Street higher bond prices, encouraging economic news, a firmer dollar, and heavy computerised program buying lifted US stocks to levels not seen in more than six months.

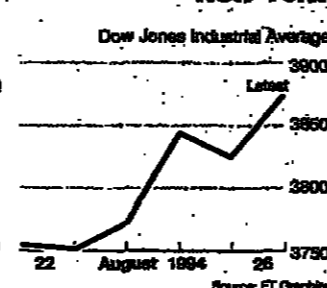
After the Dow's 25-point rise on

## London



Source: Reuters

## New York



Source: FT Copyright

Tuesday and 70-point surge on Wednesday, the average of blue-chip stocks has risen by 135 points, or 3.6 per cent, this week. This week's buying was the most sustained on Wall Street since the Federal Reserve began raising interest rates in February in an attempt to restrain inflation.

Yesterday's gains were mainly due to a jump in US government bond prices prompted by official figures which revised economic growth in the second quarter to

3.8 per cent, up by only 0.1 per cent from earlier estimates. Traders had feared a larger upward revision would make a further rise in interest rates more likely. Frankfurt ended a cautious week by posting a 1.6 per cent rise in post-bourse trading. Paris went 1.8 per cent higher, and Zurich rose 1.2 per cent.

GDP growth, Page 3; Currencies, Page 13; London stocks, Page 16; World stocks, Page 21; Lex, Page 24; Markets, Weekend, Page 11

## STOCK MARKET INDICES

FT-SE 100		US Treasury rates		STERLING		DOLLAR	
FT-SE 100:	3265.1 (+30.9)	Federal Funds:	4.4%	New York lunchtime:		New York lunchtime:	
Yield:	3.85	3-mo Treas Bills:	Yld 4.046%	\$	1.532	DM	1.57075
FT-SE Eurostock 100	1395.08 (+15.12)	Long Bond	100%	London:		FFr.	4.577
FT-SE 100 Share	1694.32 (+28.20)	Yield	7.444%	\$	1.542 (1.552)	Y	100.35
Nikkei	20,471.49			DM	2.4078 (2.4005)	London:	
New York lunchtime:				FF	2.3508 (2.3268)	DM	1.5815 (1.5482)
Dow Jones Ind Ave	3891.41 (+61.52)			SFr	2.0315 (2.0253)	FF	8.3007 (8.2926)
S&P Composite	474.5 (+6.42)			Y	100.35 (100.35)	SFr	1.57175 (1.5040)
						Y	100.35 (100.35)

## NEWS: EUROPE

# Berlusconi warns of pensions sacrifices

By Andrew Hill in Milan

All Italians will have to make sacrifices if Italy's state pension system is to avoid bankruptcy, Mr Silvio Berlusconi, the prime minister, warned yesterday.

Italian trade unions have been threatening a "hot autumn" of strikes and protests against pensions reform, the central plank of a 1995 budget which must raise or save at least L45,000bn (£18.5bn) to bring down the deficit.

Mr Berlusconi, who yesterday chaired the first cabinet meeting since the summer holiday, told journalists the government would seek a dialogue with the unions.

"Unfortunately [the measures] will be unpopular," he

said, but as things stand at the moment, there is no alternative to a change in the pensions system."

He added: "Accumulated [pensions] rights will not be touched, but we have to restructure this area to avoid the state going

bankrupt and not being able to pay pensions."

Having weathered a political storm before the holidays, Mr Berlusconi clearly intended yesterday's press conference in Rome to dispel any lingering doubts, in political or financial circles, about the coalition's

coherence and its determination to take decisive action during the autumn.

The 1995 budget was not on the formal agenda of yesterday's cabinet meeting. But the prime minister promised that a detailed budget plan would be presented to the Italian parlia-

ment well before the deadline of September 30, and that "for the first time, it will meet requirements not by increasing taxes but by reducing public spending".

Mr Berlusconi was also obliged to declare his personal confidence in the governor of

the Bank of Italy, Mr Antonio Fazio, following a series of attacks on the central bank by members of the National Alliance, the far-right partner in the ruling coalition.

He said he could not understand how anyone could doubt the government's willingness to respect the bank's independence, and dismissed the comments of National Alliance politicians as "personal opinions".

Mr Berlusconi also urged the media to concentrate on "concrete facts instead of idle chatter".

To underpin his message, the prime minister cited an opinion poll, to be published at the weekend, which indicates that support for the ruling coalition has increased from 48.4 per cent at the height of pre-summer crisis, to 53.8 per cent.

## POLICE CHIEF QUILTS IN LAW ENFORCEMENT SHAKE-UP

Mr Vincenzo Parisi yesterday stepped down as Italy's chief of police as part of a wide-ranging reshuffle of the country's top law enforcement posts, writes Andrew Hill in Milan.

Mr Parisi, a former head of the Sisse secret services, was replaced by Rome's police commissioner, Mr Ferdinando Masone, who will be supported by three new deputy police chiefs.

Announcing the changes, Mr Silvio Berlusconi, Italy's prime minister, and Mr

Roberto Maroni, the interior minister, praised Mr Parisi's contribution to the service.

Mr Maroni added that, by beefing up the police hierarchy, the five-month-old coalition government was showing its determination to continue the fight against organised crime in Italy.

In a letter to the Italian head of state, President Oscar Luigi Scalfaro, Mr Parisi explained that he had decided to bring forward his retirement, due next year,

because the "difficult problems to be tackled in the near future required a strong presence".

Mr Parisi, 63, was appointed police chief in 1984 by Mr Scalfaro, who was then the interior minister.

In the last year, both he and Mr Scalfaro had been accused by discredited former chiefs of Sisse of having received covert funds from the secret services - claims that they have both firmly rejected.

# Danish pledge to stay on economic path

By Hilary Barnes in Copenhagen

Denmark's finance minister vowed yesterday he would not let left-wing pressure push his economic policy off course.

The Danes face a parliamentary election in autumn and opinion polls suggest the present four-party centre-left coalition may be returned as a minority administration dependent on the support of the left-wing Socialist People's Party (SPP).

"The SPP will not be allowed to lift the level of government expenditure," the finance minister, Mr Mogens Lykketoft, told the Financial Times.

He expected, however, that his party would be able to agree policy with the SPP on other fronts, such as the environment, education and social welfare.

The four-party coalition, dominated by the Social Democratic Party, will face the autumn election to the Folketing on a date yet to be announced.

The minister's pledge is intended to help persuade the financial markets that Denmark's economic policy, which aims to keep inflation low and to eliminate the budget deficit by 1997, will not be changed.

This week he brought forward publication of the 1995 draft budget by a week for the same reason.

"One could fear that the markets were uncertain whether we would stick to the fiscal policy which we laid down last year," he said.

The markets showed no noticeable reaction to the draft budget, leaving the gap between yields on Danish and German benchmark government bonds unchanged at about 1.7 per cent.

"We could not really expect to affect the markets," said Mr Lykketoft.

"Our policy was known, and we have not changed it, but we have proved that we are holding our course."

The draft budget, according to the government, involves a real decline in expenditure of DKr6bn (£635m) on a budget balancing at DKr392bn (£41.5bn).

The budget deficit will fall by only DKr2bn to DKr45.3bn, or 4.8 per cent of gross domestic product, from 1994 to 1995, despite a strong economic recovery.

But Mr Lykketoft said the real improvement in the deficit was about DKr12bn.

The revenue benefited from extraordinary income to the tune of DKr10bn in 1994, which disguised the true improvement in the budget between 1994 and 1995, he said.

On present trends, Mr Lykketoft said he expected the budget deficit to be eliminated in 1997.

# Bosnian Serbs rail against partition proposal

Laura Silber finds little enthusiasm for the plan to hand back a third of the territory they now hold

We would rather all die than accept this plan, said Mr Bozo Popovic as he prepared to vote in this weekend's referendum on an international proposal to end the war in Bosnia.

"There is no world power that can force us to support the [partition] maps," continued the elderly Bosnian Serb peasant from where he sat in the battered town hall of Trnovo, south-east of Sarajevo. "This is our historic land."

Mr Popovic's remarks reflect the general defiance of the Bosnian Serbs, and an overwhelming No is expected in the poll today and tomorrow throughout the self-proclaimed Bosnian Serb state, despite pressure from the international community and Serbia proper.

Their leaders have already rejected the plan, which calls for Serbs to hand over a third of the 70 per cent of Bosnia they currently control. Put forward by the US, Russia, Germany, France and the UK, it divides the war-torn country roughly in half between the Bosnian Serbs and the new Muslim-Croat federation.

Bosnian Serb leaders have been resisting pressure from President Slobodan Milosevic of Serbia to back the plan amid threats from the international



German foreign minister Klaus Kinkel (left) with Croatian counterpart Mate Granic shortly after Mr Kinkel's arrival yesterday for talks with Croatian president Franjo Tudjman.

community to tighten sanctions against Belgrade and lift the arms embargo against the mostly-Muslim Bosnian army.

Furious with Bosnian Serb intransigence, the rump Yugoslavia (comprising Serbia and Montenegro) imposed trade sanctions earlier this month against the self-styled Serb state, stopping delivery of strategic supplies - including oil - and severing telephone lines.

Mr Dragomir Gavovic, a local boss in Trnovo of the ruling Serbian Democratic Party, suggested that the embargo was being circumvented.

"Just yesterday 10 fuel tank-

ers passed through Trnovo," he claimed, and doubted that the measures amounted to little more than a ploy to hoodwink the international community.

A town of 7,000 inhabitants before the war, Trnovo changed hands from Serbs to Muslims and back to Serbs over the past 28 months.

"All but three of 63 surrounding hamlets were completely demolished," said Mr Savo Popovic, the burly party boss of the town and Bozo Popovic's nephew.

Despite its dilapidated state, Trnovo remains of crucial strategic importance for both the

Serbs and the Muslims. It lies on the road joining Serb-held lands in eastern Bosnia with the southern part of their crescent-shaped statelet.

On the other hand, the Muslims fought a bitter battle for Trnovo, where they once comprised a 69 per cent majority, in a bid to secure a road-link between Sarajevo and the Muslim enclaves in eastern Bosnia.

Trnovo is part of the Sarajevo region and the plan places it under UN administration for an interim period of two years. To the Serbs - there are no Muslims left - this means more war. "The maps create

islands adrift in a sea of Muslim enemies," said Mr Savo Popovic.

His leaders cite the status of Trnovo as one of the key reasons for rejecting the maps, which they argue obliterate land links between Serb-held regions and force them to hand over 13 cities, the bulk of power generators and the fertile river valleys. They complain that the maps destroy the viability of their self-styled state and give the Muslim-Croat federation an unfair strategic advantage in any eventual future war.

Also the focus of bitter criticism is the narrow land corridor in the north linking Belgrade with Serb-held lands in western Bosnia and Croatia. "We would not even be able to pass through it on a bicycle, not to mention lorries or tanks," said Mr Radovan Karadzic, Bosnian Serb leader.

He predicted last week that 90 per cent of Bosnian Serbs would vote against the plan. The Belgrade authorities charge that the figure of 900,000 eligible voters is inflated, pointing out that there are no electoral lists in Republika Srpska, the self-styled state.

While apparently unanimous in their opposition to the maps,

Bosnian Serbs are confused, but not worried, about the embargo imposed by Mr Milosevic. They even defend him - they credit him for being the first leader in post-Tito Yugoslavia to address their grievances - for having no choice but to impose the blockade.

Mr Savo Popovic dismissed speculation that Mr Milosevic, in meetings tomorrow in Belgrade with Mr Andrej Kozirev, the Russian foreign minister, will agree to the despatch of some 400 international monitors along the border between the rump Yugoslavia and Bosnia. In return, the UN has drafted a resolution to open the airport in Belgrade and lift the ban on international sports competition.

"The bridge can never be burned between us. We are one nation," said Mr Savo Popovic. "Milosevic will realise that we are defending Serbia here in Trnovo."

The 75-year-old uncle, Bozo, seated under a portrait of General Draza Mihajlovic, his Chetnik commander executed by Tito after the second world war, agreed that his fellow Serbs will defend their land: no matter what.

"We fought against the Germans with pitchforks, we'll do it again."

# Kuchma muted over Sevastopol

By Chrystia Freeland in Moscow

Ukrainian president Leonid Kuchma yesterday rejected the Crimean port city of Sevastopol's unilateral declaration, made earlier this week, that it was part of Russia.

Mr Kuchma, himself vacationing on the contested peninsula, told reporters that the decision of the city council of Sevastopol, which is the home port of the Black Sea Fleet, "has no legal weight".

But, beyond making this expected and formulaic statement, Mr Kuchma, who said he would try to "persuade" the city council to reverse its decision, has been remarkably mild in the wake of Sevastopol's separatist ruling. The recently elected Ukrainian president's unflinching reaction is part of a

more general easing of the hostilities between Ukraine and Russia, which has been evident this week in the measured responses of both Kiev and Moscow to Sevastopol's declaration.

Over the past three years, Crimea, transferred from Russia to Ukraine only in 1954, has often been a lightning rod for deeper tensions between the two Slavic neighbours. After Crimea's election earlier this year of a separatist president, who received political advice and financing from Russia, some analysts, including the CIA, warned that the two countries could come to blows over the lush peninsula.

But political developments in Crimea this week have suggested that Mr Kuchma's victory in Ukraine's July presidential race has made

that dire scenario unlikely. Although Mr Kuchma has backed off from the pro-Russian rhetoric that he employed on the election campaign trail, he is clearly a leader with whom the Russians feel they can do business and their reaction to Sevastopol's breakaway bid has been appropriately amiable.

Whereas a year ago the Russian parliament passed its own ruling declaring Sevastopol to be Russian territory, earlier this week senior Russian officials dismissed the city's unilateral effort to join Russia as "illegal" and said they did not wish to "warm their hands over Ukraine's troubles".

Russia's new-found desire to be a good neighbour to Mr Kuchma's Ukraine may be in part explained by Moscow's perception, as articulated yes-

terday by Mr Sergei Karaganov, one of President Boris Yeltsin's foreign policy advisors, that under Mr Kuchma's new regime "the old Ukrainian elite, which made its career on the Ukrainian-Russian conflict, is being ousted".

Unlike the breakaway regions with strong local ethnic identities, such as embattled Chechnya, which are bedevilling Russia in the Caucasus, Crimea is dominated by ethnic Russians whose calls for independence have always been a thinly veiled plea for reintegration into their perceived motherland.

If Russia is now placing a higher priority on good relations with the new Ukrainian leadership, Crimeans may have no one to turn to but Mr Kuchma, the man they overwhelmingly voted for in July.

# General thwarts dismissal move

By Chrystia Freeland

General Alexander Lebed, an outspoken and popular Russian officer, yesterday scotched Moscow's efforts to disband his army and send him to another posting.

Gen Lebed's successful defiance of his superiors in the ministry of defence is another sign of the weakness of Russia's top brass, which has been dogged this week by allegations of corruption.

Over the past few weeks the ministry of defence has attempted several times to detach Gen Lebed from the loyal troops of the 14th army which he commands in Mol-

dova and send him to a remote outpost, most recently the central Asian republic of Tajikistan.

But the 42-year-old general, who became the darling of the officer corps earlier this year when he publicly suggested that Russia follow the example of Pinochet's military dictatorship, has publicly refused to obey.

After a meeting in Moscow yesterday between Gen Lebed and Gen Pavel Grachev, the Russian defence minister, the ministry appeared to back down.

A spokesman said that, having turned down the offer to command Russian troops

in war-torn Tajikistan, Gen Lebed would remain in charge of the 14th army.

Gen Grachev made a further, explicit effort at reconciliation, issuing a statement insisting that the ministry, which has announced Gen Lebed's dismissal from his post at least twice earlier this month, was not trying to oust him.

The defence ministry, which has been hotly denying allegations in the Russian press of high-level corruption, yesterday announced that a senior officer had been caught taking a \$2,000 bribe from a private business which was renting space from the army.

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## Bad weather forces fall in Cuban exodus

By James Harding  
in Washington

Thunder and lightning yesterday forced the first substantial drop in the number of refugees since the US administration announced it would no longer allow Cubans entry to the US and would take them for detention at the US naval base at Guantanamo Bay, Cuba.

The Coast Guard reported 1,670 people were picked up on Thursday and only 37 people were known to have been found by midday yesterday. For the five days before Thursday, more than 2,500 people had been found daily.

As rain and high seas continued through the day yesterday, concerns grew over the numbers of people who may

have died in the tropical thunderstorm.

In South Florida, callers to local radio stations said they had seen small boats and rafts washed ashore with no apparent survivors.

The Coast Guard acknowledged that there had been some fatalities, but said that there was no way of keeping track of the numbers lost at sea. One official went on to say that bad weather was making the rescue operation more difficult.

"Even on a calm day it is difficult to pick people up off unstable rafts - in rough weather it is more dangerous," the official said. Finding people was an increasing problem: "It is much more difficult to spot rafts because they're not visible due to the high waves, fog and rain."

In Washington, President Clinton was yesterday reported to be meeting foreign policy advisers to discuss ways of preventing people from trying to

flee the island and measures to tighten the trade embargo against Cuba. Mr Warren Christopher, US secretary of state, broke off his holiday in Florida to attend the White House session on the Cuba problem.

Defence officials expected to move between 7,000 and 9,000 extra soldiers to the Guantanamo base to help the 3,000 already there building the refugee camps. Mr Dennis Bove, the Pentagon spokesman, estimated it would cost \$100m (\$85m) to set up expanded camps for the Cubans assuming the numbers do not exceed 45,000.

The Pentagon predicts it will cost about \$20m a month to run the camps.

In a separate development yesterday, a Florida boat owner was detained by the Coast Guard for allegedly trying to smuggle nine Cubans across the 90-mile stretch of water between Cuba and Florida.

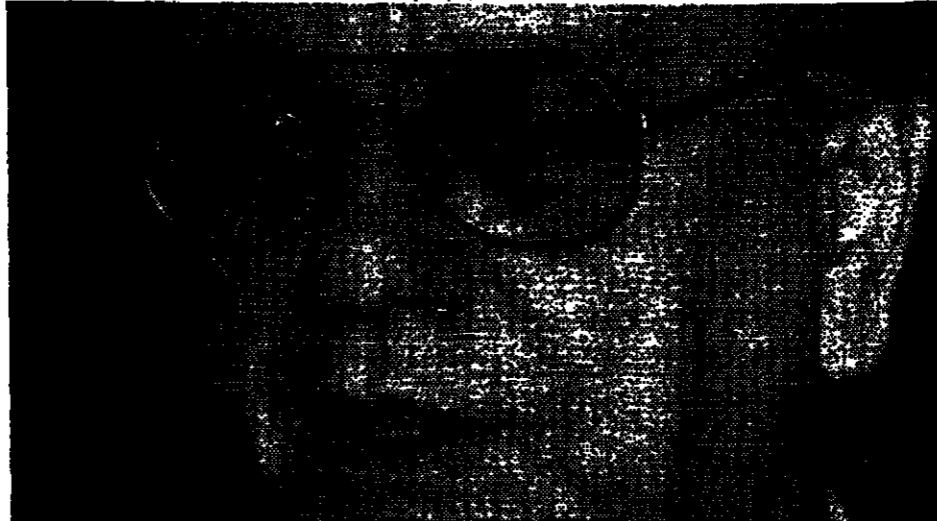
## Brazilians turn blind eye to budget

Presidential candidates ignore fiscal forecast, writes Angus Foster

Brazil has never been renowned for sticking to budgets, which partly explains the country's inflation problems. So, when President Itamar Franco announced recently that all the candidates for October's presidential elections would be called to a special preview of next year's budget, economists began to wonder if the years of fiscal indiscipline were over.

The idea, according to Mr Franco, was to show candidates the government's cash shortage and stress that the incoming president must keep control of spending to add credibility to the country's new currency, the Real.

Unfortunately, when the meeting went ahead yesterday, none of the candidates turned up. Instead they sent lowly campaign officials who mumbled apologies about their bosses being "very busy" electioneering. After all, elections in Brazil involve spending money to win votes, not worrying about where it comes from. The episode does not mean



Itamar Franco: message on monetary responsibility failed to get through

candidates do not care about the economy. The Real, launched in July, has brought monthly inflation down from 50 per cent to less than 5 per cent and has a good chance of keeping it there. This has helped poorer voters, who have

switched support to Mr Fernando Henrique Cardoso, the former economy minister, who oversaw the Real's introduction.

What it does show, however, is Brazil's traditional disregard for budgets or spending prom-

ises. Brazilians are amazed by the pomp, and credibility, which surrounds budgets in other countries. This is partly for historical reasons: under the military governments of 1964-85, budgets were often works of fiction which con-

cealed investments in secret or strategic projects.

Since the return to democracy, budgets need approval in Congress, where they are changed beyond recognition as politicians seek to divert money to pet, and sometimes corrupt, projects.

Brazil is currently without a budget. This year's one was drawn up 13 months ago but has still not been approved by Congress, the longest delay this century. Without a budget the government is only allowed to spend a fraction of its commitments each month.

This may appear a strange way to run a country. But it allows the government to hinder Congress adding spending amendments to the budget. The government claims its unapproved budget will balance, although no one knows whether this is true. But if congressmen were allowed to add amendments, especially ahead of elections, the budget would certainly go into deficit, undermining the Real and adding to inflation.

## Growth in GDP allays US concerns

By James Harding

The US economy grew slightly more rapidly than originally estimated in the second quarter of this year, but not as fast as some analysts had feared.

The US Commerce Department announced an upward revision of second quarter real gross domestic product, the output of goods and services in the US, to 3.8 per cent, from its initial estimate of 3.7 per cent. The increase in GDP between April and June, measured at seasonally adjusted annualised rates, follows a 3.3 per cent rise in the first quarter of 1994 and a 6.3 per cent increase in last year's final period.

Analysts had expected an upward revision to as much as 4.2 per cent, which would have raised concerns that the economy was growing too rapidly. Financial markets yesterday appeared to interpret the moderate increase on the original estimate as a sign that the Federal Reserve's pre-emptive tightening of monetary policy to head off inflation was having the desired effect.

The Commerce Department further dampened down fears of over-heating with its explanation that the higher growth in the second quarter was largely attributable to a build-up in unsold business inventories, which increased by \$30.9bn. This was the biggest gain in six years.

The government also reported that after-tax profits of US corporations rose 7.1 per cent in the second quarter in a sharp reversal of the 3.5 per cent drop in the first period of this year.

The rise in consumer spending in the second quarter was less than the increase in the opening period.

The rate of growth in housing construction also shrank, to post a 7.3 per cent rise in the second quarter after a 10 per cent increase in the first three months of 1994.

## Call to ease Taiwan curb on foreign investment in shares

By Laura Tyson in Taipei

Taiwan's top securities regulator yesterday called for the easing of controls on foreign investment in domestic shares, in remarks exposing sharp divisions within the government over the pace and scope of financial reform.

"Compared with other countries, we have too many restrictions on foreign investment," Mr Day Lin, chairman of the Securities and Exchange Commission, told a conference on the stock market.

Foreign investors are keen to gain

entry to Taiwan's share market, seen as undervalued relative to other Asian markets. At the same time, the ruling Nationalist party aims to transform Taiwan into a regional hub for business and finance. But "how can Taiwan become a financial centre under the current restrictions?" Mr Day asked.

Total market capitalisation of the local bourse was US\$205bn (\$134bn) at the end of July. But Taiwan has set an overall ceiling of \$7.5bn on funds remitted into the country by approved financial institutions for direct investment in shares.

The Taiwan stock market was opened to direct foreign investment in 1991. Each approved foreign institution may remit up to \$200m, but combined foreign holdings in a single stock may not exceed 10 per cent of outstanding shares and any one foreign investor may not buy more than 5 per cent of a listed company's outstanding shares. Individual foreigners are banned from investing in local shares.

At the end of July, about 100 foreign institutions had applied to invest a cumulative total of more than \$12bn in Taiwan's stock mar-

ket. About 60 institutions had been approved to invest \$6bn, of which \$4.5bn had been invested in shares. Expansion of foreign participation would strengthen the local market's structure, increase its size and depth, and make it less vulnerable to manipulation, said Mr Day.

His remarks highlight a long-standing battle between the Finance Ministry, under which the SEC resides, and the Central Bank of China. The central bank wields near-absolute power over foreign investment in the bourse through stringent foreign exchange controls

and vets each foreign investor. It had been hoped that the accession of a new central bank governor, Mr Liang Kuo-shan, on June 1 would defuse tensions between the feuding agencies.

In late July, the SEC called for the ceiling on foreign investment to be raised to 10 per cent of total market capitalisation. Mr Liang demurred, saying that three conditions had to be met before foreigners' market access would be increased. Total market turnover and capitalisation had to rise significantly; the government's limping privatisation pro-

gramme had to be speeded up to mitigate the weighting of foreign investment in the market; and annual growth in money supply had to be kept below 15 per cent. He also said the impact of capital movement on the local currency's exchange rate must be minimal.

Money supply and inflation have exceeded targets in recent months, making it unlikely that controls on foreign investment will be lifted soon. But brokers do expect a gradual easing of restrictions under the government's long-term financial liberalisation policy.

## Alarm grows as Nigeria sacks top executives

By Paul Adams in Lagos and agencies

Nigeria's military regime yesterday dissolved the boards of all government-owned companies and federal agencies, with immediate effect.

The move, which follows the dismissal of army and navy chiefs earlier this week, contributed to mounting international alarm at the turmoil in Nigeria. The European Union issued a statement saying it was "gravely concerned" over developments in the country, and calling for the restoration of a civil democracy.

A brief statement from the Nigerian presidency in Abuja, the capital, gave no explanation for the removal of hundreds of top executives and government officials. But sacked directors were told to turn in official property in their care. Among the organisations affected were the Nigerian National Petroleum Corporation, the Ports Authority and the National Electric Power Authority.

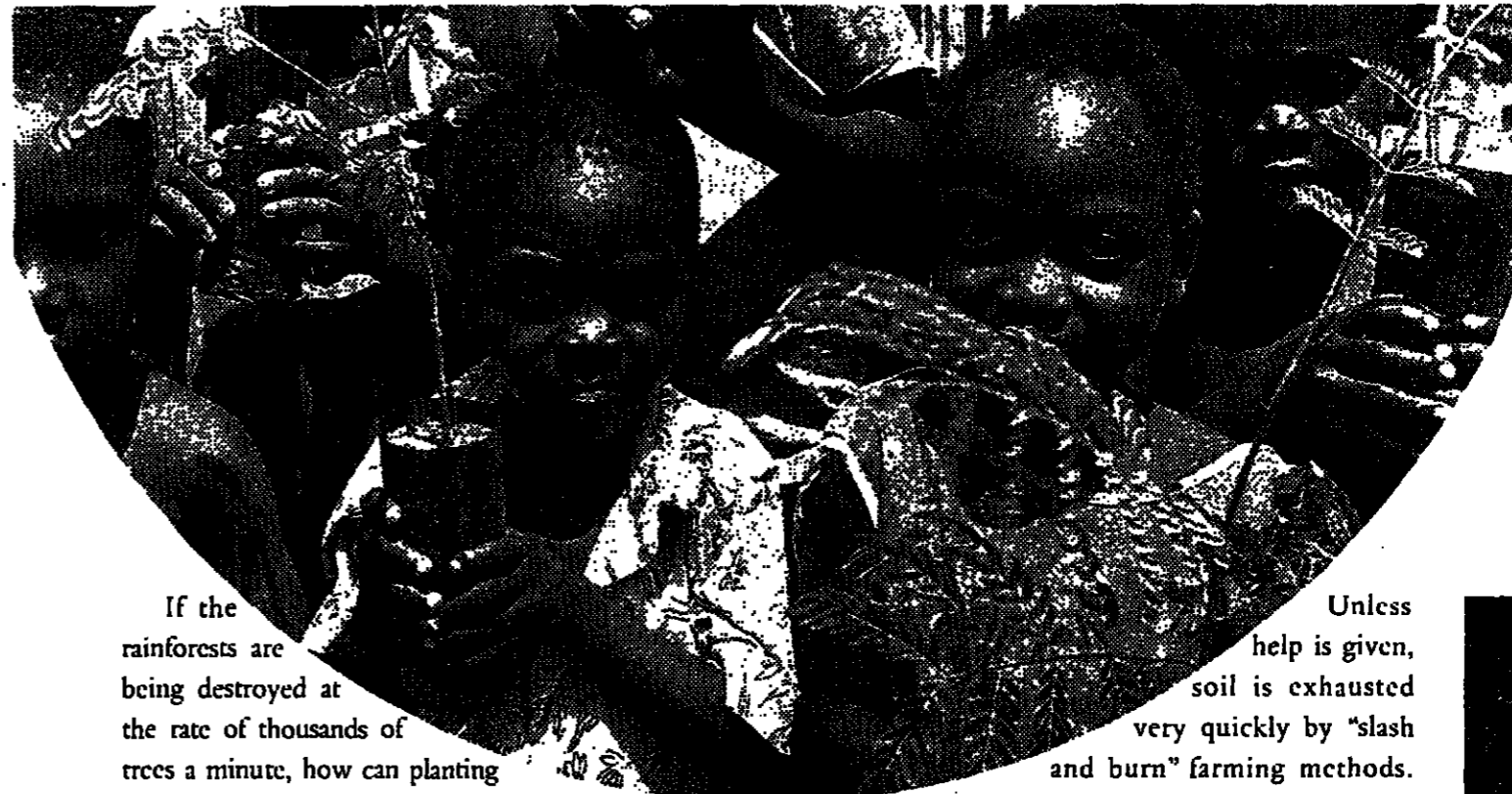
Nigeria's main parastatals - in oil and gas, telecommunications, electricity, ports, airlines and heavy industry - are all regarded by the public as inefficient and corrupt and have been under investigation by special panels since early this

year. Some of these panels have submitted reports alleging financial mismanagement and fraud, although making no specific recommendations.

However, yesterday's move has been interpreted as part of President Sani Abacha's declared aim of taking a hard line against civil opposition, rather than as a move on corruption. The dissolution of the boards opens the way for a scramble for key government jobs in the face of stiff opposition to continued military rule.

Gen Abacha is also widely expected to reshuffle his government soon. The military regime has been facing mounting criticism since the arrest of Mr Moshood Abiola, the presumed winner of last year's presidential election, and the sacking of leaders of the oil workers' unions, who have been on strike for eight weeks.

About 90 per cent of the 100,000 oil workers defied the government's order to return to work on Thursday, according to Mr Samuel Ogburn, a minister. Mr Ogburn reacted on Thursday night by sacking the strikers en masse. The oil unions are demanding the release and installation as Nigerian president of Mr Abiola, who is facing treason charges for proclaiming himself president.



If the rainforests are being destroyed at the rate of thousands of trees a minute, how can planting just a handful of seedlings make a difference?

A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The *Markhamia lutea* trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced.

These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

Unless help is given, soil is exhausted very quickly by "slash and burn" farming methods. New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world.

The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature  
(formerly World Wildlife Fund)

International Secretariat, 1196 Gland, Switzerland.

FOR THE SAKE OF THE CHILDREN  
WE GAVE THEM A NURSERY.

## Strikers mourn anti-corruption campaigner

## Protests over murder hit Bombay business

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

Strikers protesting at the killing of a leading member of the right-wing Hindu Bharatiya Janata Party yesterday brought parts of Bombay to a standstill.

Hundreds of people attended the funeral of Mr Ramdas Nayak, who was shot on Thursday by gunmen using automatic rifles. The strikers, mainly organised by Shiv Sena, a radical ally of the BJP, disrupted railway services and forced shopkeepers and market traders to close.

Banks and big public institutions stayed open but saw little business as most workers remained at home. The Bombay Stock Exchange was open but trading was negligible. Shiv Sena called the strike to put pressure on Mr Sharad Pawar, chief minister of Maharashtra state which has Bombay as its capital. Mr

Pawar faces mounting criticism about the rise of violent crime in the city and growing evidence of ties between politicians and underworld bosses.

Mr Nayak was a leading anti-corruption campaigner. But police have said it is too early to know whether his murder was linked to his attacks on corruption.

In New Delhi, Mr S B Chavan, the home minister, promised in parliament to call an all-party meeting on "the criminalisation of politics" in response to concerns voiced by MPs about Mr Nayak's death and about the killing of eight children in a bomb blast on Thursday in the troubled northern state of Jammu and Kashmir.

Six more relatives of Mr Tiger Memon, who Indian investigators believe helped organise last year's bomb blasts in Bombay, have been arrested.

They were taken into custody in Dubai and brought to

Delhi by air on Thursday. Those detained are Mr Memon's father and mother - Mr Abdul Razak Memon and Mrs Hanifa Abdul Razak Memon - three of his brothers and the wife of one of the brothers. A fourth brother, Mr Yakub Memon, was arrested in Kathmandu earlier this month and smuggled into India, where investigators claim he has provided evidence about the blasts.

Mr Yakub Memon has said that the only family member involved in the bombings was Tiger, who is thought to be in hiding in Pakistan. The whole family left Bombay for Dubai on the eve of the blasts, on March 12.

The circumstances under which the family has been taken into custody are unclear. There is speculation that they might have a secret agreement with the Indian authorities to provide evidence in return for guarantees about their safety.

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## NEWS: UK

# Welsh Water joins race to build private roads

By Andrew Taylor,  
Construction Correspondent

Welsh Water has joined UK and Continental construction companies which have formed rival joint ventures and consortia to bid for £380m of privately financed road schemes announced last week by Mr John Watts, roads minister.

At least eight potential groupings have emerged which expect to bid for one or more of

the four design, build, finance and operate contracts.

Contractors will be paid by shadow tolls from the Exchequer, based on the number of vehicles using the road. In return they will design, finance, construct and maintain the roads for 15 to 25 years.

Five of the eight groupings are understood to include: ● Tarmac and John Laing, the UK contractors with Welsh

Water and Transroute, the largest French toll road operator. B2W are merchant bank advisers.

● Amec and Alfred McAlpine, the UK construction companies and Spanish contractor Dragados.

● Taylor Woodrow, Sir Robert McAlpine and Amey, all from the UK.

● Mowlem of the UK and Dumez GTM of France advised by Schroder merchant bank.

● Wimpey the UK contractor and Balfour Beatty the UK highways design and transport consultants. Merchant bank advisers are Morgan Grenfell.

Three other UK contractors - Costain, advised by NatWest Markets, Balfour Beatty advised by Bank of America, and Trafalgar House - are separately talking to potential partners and plan to bid. It will be the first time that

shadow tolls have been used since the government removed its opposition to the concept in last year's Budget.

The schemes have attracted strong interest from Continental toll road and construction companies anxious to break into what they believe will be a growing market for privately financed infrastructure projects in the UK.

Welsh Water, which recently acquired Acer engineering con-

sultants, also wants to expand its UK and international business in constructing and operating large-scale infrastructure schemes.

The four road projects are: ● A £190m scheme to build a 19 mile link joining the M1 and M62 south of Leeds with the A1. All three existing roads will be widened to dual four-lane capacity on approaches to the new link road. ● A £145m scheme to widen 13

miles of the A1 to motorway standard between Alconbury and Peterborough.

● A £35m scheme to widen a 34-mile stretch of the A419 and A417 between Swindon and Gloucester, including two by-passes.

● A £10m project to by-pass Haultwhistle on the A69 plus the management of the entire 53-mile length of the A69 between Newcastle upon Tyne and Carlisle.

## Levitt trial legal aid bill tops £2m

The trial of Mr Roger Levitt, the financier who received a 180-hour community service sentence for fraudulent trading, will cost the taxpayer more than £2m in legal aid, it emerged yesterday.

The case followed the collapse of Mr Levitt's financial services group with debts of more than £34m.

Mr John Marshall, MP for Hendon South, said he had obtained from the solicitor-general's office figures showing that the final legal aid bill amounted to £2,127,833.02 - £866,234.97 in counsel fees, solicitor's costs of £1,461,598.05, and an additional award to one defendant of £10,899.17.

## Labour attack on bank charges

The Labour party yesterday called for the banking ombudsman to be made responsible for investigating charges levied by banks.

Mr Gordon Brown, shadow chancellor, and Mr Alastair Darling, Labour's City spokesman, also called yesterday for the Office of Fair Trading to investigate banks' market shares in lending and providing other services to small businesses.

The call for increased oversight of bank charges came after the six largest UK banks reported a 69 per cent rise in first-half profits. Labour said charges had risen sharply since the recession and loan margins remained high.

## Revenue guides to appear next year

The Inland Revenue is to publish the internal guidance manuals used in its tax and collection offices by the end of next year.

The manuals, which have previously been treated as confidential, are being published as part of the government's call for greater freedom of information.

The Revenue said some information would be withheld, covering anything that would prejudice the assessment or collection of tax, assist avoidance or evasion, reveal information about the affairs of individual taxpayers or breach copyright.

## Electricity pay offer improved

The prospect of industrial action by electricity workers receded yesterday after National Grid, the transmission system for the power industry in England and Wales, made an improved pay offer worth 2.95 per cent plus a one-off payment of between £450 and £650.

Unions representing 5,000 workers at the company are likely to accept the 15-month deal after consulting members.

## BSkyB probe call

Mr Nigel Griffiths, Labour consumer spokesman, yesterday called for an Office of Fair Trading inquiry into BSkyB after the satellite station, in which Pearson - owner of the Financial Times - has an interest, raised its subscription price by £3 a month.

## NI factory closes

Spence Bryson, the carpet manufacturing subsidiary of Richards, is to close its factory in Bangor, Northern Ireland with the loss of 175 jobs.

## Adams upbeat at meeting US group

By Tim Coone in Dublin

Mr Gerry Adams, Sinn Féin president, yesterday described his meeting in Belfast with an influential Irish-American delegation as "an important step forward" in the Northern Ireland peace process.

He and other Sinn Féin leaders spent three hours with Mr Bruce Morrison, a former US congressman, and five other prominent Irish-Americans, who received a detailed briefing on the peace process from the Irish prime minister and foreign minister on Thursday.

Although on a private visit, the US delegation will report back to the White House when it returns to the US next week.

After yesterday's meeting Mr Adams said: "We can look forward to the peace process moving on as a result of these discussions and deliberations." Sinn Féin believes the Irish-American lobby in the US will have a key role to play in the months ahead, especially in the context of a widely expected imminent IRA ceasefire.

The British and Irish governments have emphasised that Sinn Féin will be admitted to round-table political talks only in the event of a permanent end to IRA violence. But politicians on both sides of the border acknowledge that an extended IRA ceasefire will put them under pressure to respond positively, if there is to be any chance of a temporary ceasefire being turned into a permanent one.

That is why Sinn Féin sees the powerful Irish-American lobby in the US as having a role in helping to shape US government policy on Ireland, and in turn influencing development of the peace process.

Mr Morrison said that he had been "very encouraged" by yesterday's meeting with the Sinn Féin leadership and that he believed the peace process to be moving "in a very positive direction".

Mr Morrison's delegation is to meet leaders from the Social Democratic Labour party (SDLP) and the Alliance party, but has been snubbed by the two main unionist parties, the DUP and the UUP.

## 'Great public schools' still dominant at A-level

By John Authers

The "great public schools" identified by the Clarendon Commission 130 years ago dominate the rankings of independent schools' A-level results published today.

All the top four - Westminster, followed by Eton College, St Paul's and Winchester College - were named by the report, which aimed to identify the best boys' schools in Victorian England. The lowest ranked of the nine Clarendon schools in today's table is Rugby, which, at 66th, still had results significantly better than the average for the independent sector.

The results, based on figures supplied by the Independent Schools Information Service, suggest that parents looking for the best chance of strong academic performance need to

### INDEPENDENT SCHOOLS - THE ANNUAL PRICE OF SUCCESS

Day School Fees	£
1. Westminster	8,250
2. St Paul's	7,450
3. North London Collegiate	4,900
4. Royal Grammar School, Guildford	5,565
5. Manchester Grammar	4,002
Average	5,170
Boarding School Fees	£
1. Eton	11,250
2. Clifton	12,270
3. Down House	11,365
4. Malvern Girls' College	10,802
5. Wycombe Abbey	11,538
Average	6,326

Source: The Independent Schools Information Service. Figures are for 1993-94 academic year.

There were exceptions, how-

### GIRLS' SCHOOLS ON A ROLL

Day Schools	
5. North London Collegiate (8)	
6. King Edward VI High, Birmingham (17)	
10. St Paul's Girls', London (6)	
14. Lady Eleanor Hall, London (28)	
16. Widdowson Girls, Manchester (13)	
17. Galsford High (41)	
Boarding Schools	
8. Down House, Newbury (25)	
13. Malvern Girls' College (42)	
15. Wycombe Abbey (14)	
16. Redwood School (78)	
24. Cheltenham Ladies' College (30)	
27. Redwood, Brighton (29)	

Source: The Independent Schools Information Service. Figures are for 1993-94 academic year.

ever, Manchester Grammar, ranked eighth this year, and on average seventh over the previous five years, charged more than £1,000 less than the aver-

age day fees for the country as a whole.

Girls' schools tended to be significantly cheaper than boys' schools. Several girls' schools also celebrated sharp improvements in their league positions.

Mrs Ann Longley, headmistress of Redwood School, near Brighton in East Sussex, which ranked 27th, said: "This is a confirmation of the success of girls' single-sex education."

Malvern Girls' College, which attracted national publicity two years ago when low payment of fees led it to employ debt-collectors, rose to 13th. It believed that the impact of the recession was showing more interest in girls' boarding schools following the publication of league tables.

The sharp decline in the popularity of boarding over the

last few years, which saw the number of boarders fall by 5.5 per cent in 1993-94 following a 6.5 per cent fall the following year, left the most prestigious schools untouched.

Some well-known boarding schools recorded weaker results, however, with Blundell's, in Devon finishing 423rd in the FT's analysis while Wrekin College came 442nd, and Rossall School, in Fleetwood, Lancashire 452nd.

Overall the figures show an improvement of 3.1 per cent in the grade achieved since last year - slightly ahead of the trend for schools in England and Wales as a whole.

Of the A-levels entered at 11th schools 29.4 per cent resulted in A-grades and 22.6 per cent in B-grades. Only 6.7 per cent resulted in failures. Using the points system adopted by university admis-

## Didgeridoo lessons at just 10 'beaks' a blow

Feel the need for a shiatsu massage? That will cost you 15 beaks. Want your flat redecorated? Prepare to shell out 80 beaks, plus materials. How about a didgeridoo lesson? A bargain at 10 beaks.

If you are wondering about the exchange rates for the exotic country where "beaks" are legal tender, look no further than Kingston upon Thames in south London.

About 120 residents participate in a Local Exchange and Trading System - or Lets - a community bartering scheme in which members trade services and goods such as gardening, babysitting and even midwifery using credit units - beaks - named after the local Beacon environmental centre.

This week Hounslow council in west London appointed the first full-time development officer with a £30,000 budget to help start a Lets.

Hounslow's scheme will join 200 others around the UK where between 15 and 400 residents have banded together to form alternative economies, particularly in financially disadvantaged areas.

The first Lets was set up in Norwich in 1985. In 1990 Lets-link, the national co-ordinator

of local bartering schemes, was set up by Lets members in Wiltshire and Stroud, Gloucestershire.

To start up a Lets a group of people get together and produce a directory of services offered. Each item is priced according to the local currency. In some schemes the unit is linked to an hourly standard. The beak, for example, is worth ten minutes of labour.

Members of the schemes are given cheque books and a central record keeper debits or credits their accounts after each transaction. Ms Liz Shepard, director of Letslink, said: "There is no interest payable and no payment schedule so you can start at zero and go into debt immediately. All that is required is that everyone in the system has to provide services or goods."

An increasing number of professional services are offered and several businesses are offered the better units for at least some goods.

As well as providing economic benefits for those who would otherwise be unable to afford organic vegetables, massages or childminding, the schemes are said to create community benefits.

Ms Beth Wells, co-ordinator of the West Wiltshire Lets, where she will mow lawns and provide astrological services, said: "The community spirit is quite incredible. It builds up a sense of trust and sharing."

Defaulting on debt is not generally a problem and debt creation is encouraged. Ms Anne-Marie Mayer, a co-ordinator of the Kingston scheme, said: "It is actually people with large credits and no debts who let the system down. If people do a lot of work for other people but cannot think of anything they want, it creates a lot of people with large negative balances who then become disinclined to trade."

Most Lets are conducted on a small enough scale to avoid taxes, although businesses and those generating enough income to exceed personal limits are expected to pay taxes.

The Inland Revenue, while supporting the bartering schemes, does not want to get paid in beaks, however. It said: "We want our taxes in sterling. Please do not offer to wash all the windows at Somerset House."

Motoko Rich



Anne-Marie Mayer at home: "It is actually people with large credits who let the system down."

## Sunday shop opening becomes legal

By Neil Buckley

All shops in England and Wales will be able to open legally tomorrow for the first time - but this is unlikely to lead to a shopping free-for-all.

The Sunday Trading Act became law yesterday, permitting all shops smaller than 3,000 sq ft to open freely on Sundays, and larger shops to open for up to six hours. It replaced the Shops Act 1950, which placed tight restrictions on Sunday opening. Sunday trading has long been deregulated in Scotland.

The move is not expected to lead to a large increase in the number of stores opening.

Many small businesses have been opening in defiance of the act for years while larger chains have increasingly flouted the law in recent years, saying that it was outdated.

The biggest first-time opener will be Marks and Spencer, which has consistently refused to open on Sundays outside Scotland, and campaigned for the law to allow Sunday opening only in the four weeks before Christmas. Twenty of its stores will open on Sundays

from tomorrow, 17 of them in out-of-town locations.

John Lewis Partnership, which also refused to open in the past, has decided that its first Sunday opening should not be on a bank holiday weekend. Eighteen of the group's 108 Waitrose supermarkets will open on Sundays from next week, with the rest likely to open during the pre-Christmas period. John Lewis department stores will remain closed.

Some retailers fear the extra expense of opening on Sundays and paying staff premium rates will not be recouped by sales.

The St David's shopping centre in Cardiff decided against Sunday opening after a poll found most shops opposed it.

But the largest centres - Lakeside in Essex, MetroCentre in Tyne and Wear, and Meadowhall near Sheffield - will all open.

The group Keep Sunday Special, which campaigned to limit Sunday opening, said the change would "further erode both family and community life".

The Consumers Association said that the change did not go far enough.

## Plans for third Forth bridge divide Scots

A new road link seems inevitable in spite of fears about congestion in Edinburgh, says James Buxton

The two bridges spanning the Firth of Forth - the railway bridge, opened in 1890, and the road bridge, opened in 1964 - are likely to be joined in a few years by a second road crossing.

It is a prospect that pleases people on the north side of the estuary in Fife, but arouses foreboding on the south side, especially in Edinburgh, 10 miles to the east, where they fear that it will choke the city with extra traffic.

The new bridge would stand just upriver from the existing link. Four consortia of UK and Continental construction companies and banks have registered their interest in building it as a privately-funded project financed by tolls. Including the associated roads, it would cost about £400m and be Britain's biggest privately-funded infrastructure project after the Channel Tunnel.

Traffic on the Forth road bridge has been growing by 4.5 per cent a year in the past

decade. Last year it carried an average of 49,000 vehicles a day and exceeded its designed capacity of 60,000 a day on 15 days.

Consultants for the Scottish Office said last month that without a second road bridge - and with minimal other traffic improvements - the expected increase in daily traffic flows of about half by 2010 would cause peak-time tailbacks of five to eight miles, north of the existing bridge.

The consultants looked at several options for improving the Forth crossing, including not only a new bridge but also more investment in the railway system in Fife and enhanced bus and rail services on the Lothian side. They concluded that congestion would only be relieved by schemes including a new bridge.

Scottish Office ministers are waiting for a final roads study and the outcome of consultations before announcing their intentions, probably in November.

The choice of a new bridge, coupled with investment in better public transport, seems inevitable. Mr Alastair Darling, Labour MP for Edinburgh Central, said the bridge was "a solution to a political problem rather than solving a traffic or environmental problem." The government wanted "a flagship project for its private-finance initiative, which is failing".

He said that since 60 per cent of traffic going south across the bridge was travelling to Edinburgh, with a quarter of that going to the city centre, a new bridge would only encourage more people to drive there. Mr Darling supports a group-

ing of environmental organisations called the Forthright Alliance, which opposes a new bridge and wants a small number of road improvements and a large investment in public transport, including a rapid transport system in Edinburgh.

Mr David Begg, an Edinburgh University transport economist who chairs Lothian region's transportation committee, believes rail traffic across the Forth could be increased substantially by further investment in trains, stations and new signalling in Edinburgh. The government is allowing Fife region to borrow £5m to spend on station improvements, but Mr Begg said this was not enough.

These arguments are rejected by Forth Connect, a consortium formed this month to press for a second road

bridge. It is backed by chambers of commerce including those from Fife, Dundee and Aberdeen, but also Edinburgh, and has support from Scottish Enterprise, the official development body, and the CBI in Scotland.

Mr David Waring, director of strategy with Fife Enterprise, said improved public transport around the Forth was desirable but would never remove the need for a second bridge. He quoted a study for the Scottish Office which showed that 70 per cent of people travelling from Fife to central Edinburgh already used trains or buses.

Even if opponents became resigned to the new bridge, one aspect of the project is certain to be unpopular. Mr Ian Laing, Scottish secretary, said last year that higher tolls would probably be charged on the existing bridge to help fund construction of the new one. He envisaged tolls of at least £1.25 instead of the present 40p.



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فكرنا اننا

## Aslef acts over rail strike safety

By Lisa Wood, Labour Staff

The rail dispute took a new turn yesterday with Aslef, the drivers' union, informing its members that they have the right to refuse to take charge of trains on signalling strike days.

Aslef has written to its 14,500 British Rail members telling them that they are legally entitled not to drive a train if they have concerns about safety.

The move follows advice from the union's solicitors after an alleged string of complaints from drivers about the competence of staff working signal boxes during strike action by staff belonging to the RMT union in its pay dispute with Railtrack. Anger has been expressed by Aslef over BR's move to offer Railtrack some of its staff to run signal boxes during strikes.

BR's rolebook obliges drivers not to move a train and to approach a supervisor if they have serious concerns. Drivers abusing the procedure can be subject to disciplinary procedures, including dismissal.

BR said the legal advice given to Aslef was absolutely correct. "We would not expect any staff to act in an unsafe manner," it said.

Aslef's solicitors had advised the union that drivers who decided not to run a train were protected under the 1993 Trade Union Reform

and Employment Rights Act. The union said: "We are told that the act gives employees the right not to be dismissed, made redundant or subject to any detriment if they take appropriate steps to protect themselves because they believe they are in serious or imminent danger."

Aslef's solicitors have told the union that the legislation was "untested" and there could be a test case involving an individual driver if action was taken following the advice.

A mass walk-out of drivers during next week's action is unlikely. Drivers who did walk out would risk laying themselves open to disciplinary action for negligence if, for example, a train was stopped between stations.

In its letter to its members Aslef stresses: "There are clear procedures which have to be adhered to regarding notifying immediate management superiors and the union."

"We will encourage our members to act responsibly and adhere to these procedures but we cannot just carry on warning about safety hazards, being ignored and waiting for the inevitable accident to occur."

The Health and Safety Executive said it had investigated about two-thirds of complaints by Aslef members and had found nothing to jeopardise public safety.

## Swans bidder may not proceed

By Chris Tighe

The only prospective bidder for Swan Hunter, the Tyneside shipbuilder in receivership, said yesterday it was reviewing whether it wished to proceed with the acquisition, in view of the attitude of the Ministry of Defence.

French-based Softra/Constructions Mécaniques de Normandie said it would make a decision over the weekend.

Mr Fred Henderson, chairman of CMN Support Services in the UK, will fly to France today for discussions with Mr Iskandar Safa, head of Softra.

He said: "I think there's a bias in favour of it not going ahead but that's not a definite decision."

"We have to look at the overall deal and see if it still makes sense, and in particular make our minds up whether we still have the same faith in the MoD agreeing to Swan Hunter carrying out contracts for them in the future. That is a serious doubt."

Time for a going-concern sale of Swan Hunter is running out. Price Waterhouse, the receiver, has set a deadline of Wednesday for CMN to start paying the wages of the design team, which is crucial to winning new orders.

CMN will buy Swan Hunter only if the company, due to run out of work by November, has a two-year work order. Its purchase deal depends on the transfer to it of Swan's MoD frigates contract.



Engineers were last night trying to get the world's tallest roller-coaster back in action for the Bank Holiday weekend. The 235ft-high ride at Blackpool Pleasure Beach opened on May 26 but has been out of service since July 7, when its braking system failed.

## Lib Dems plan NHS 'rationing'

By Kevin Brown, Political Correspondent

The Liberal Democrats are considering a system of health-care "rationing" which would make non-essential cosmetic and fertility treatments difficult or impossible to obtain on the National Health Service.

The idea is floated in a consultation paper to be published on Monday by the party's health policy working group in response to the government's market-oriented NHS reforms.

The paper says informal rationing is already operating in the health service, mainly through long waiting lists for certain kinds of treatment, but it says there is a case for "rational priority setting" of the kind recently introduced in some US states and New Zealand.

The paper suggests that treatment priorities could be established through public consultation after the costs and benefits have been clarified by medical experts.

It does not say which conditions might cease to be covered by the NHS, but the working party is understood to have focused on areas such as tattoo removal and expensive advanced fertility treatments.

The process of priority setting would be accompanied by a shift of NHS resources into preventive healthcare, combined with a health tax and "transparent" NHS accounting to show the aggregate annual costs of different forms of treatment.

Members of the working party believe this would increase public pressure for a reduction in "self-inflicted" illnesses such as those caused by smoking.

The paper says the "internal market" in health services established by the government should continue, with health trusts and an extension of the fund-holding system to all GPs. It says, however, that competition should focus mainly on quality rather than cost.

## Fall in bank housing loans

By Alison Smith

More discouraging signs in the housing market came yesterday from bank mortgage lending figures which showed a fall in new net lending and loans approved in July compared with June.

The British Bankers' Association, which released the figures, said they reflected the relative reduction in banks' market share compared with last summer, when the banks were lending more aggressively.

But these figures, together with those published by the Building Societies Association last week, show that the number of loans approved last month - about 85,000 - was about 10,000 fewer than the number approved in June and about 4,000 down from the previous July.

Lenders have been saying that although recovery has been slow and fragile by comparison with last summer there has been some advance in lending. But Mr John Ecklin, BBA director of statistics, acknowledged that the new approvals figures were "disappointing".

On a seasonally-adjusted basis new net lending by banks in July totalled £593m, a fall of 9 per cent compared with £622m in June, and below the £510m lent last July. Net lending figures take into account repayment of principal.

Gross lending by banks in July amounted to £1.8bn, but the BBA said that the increase from the £1.7bn June figure was probably "more than accounted for" by seasonal factors.

July was the month of highest mortgage lending by banks and societies last year.

In a further sign that people are still only guardedly positive about the future Halifax Building Society's annual survey on home improvements shows that homeowners are preferring to use their savings to pay for home improvements instead of increasing their mortgages or taking out loans.

## SNP to help with Tayside fuel bills

By James Buxton, Scottish Correspondent

A council controlled by the Scottish National party intends to help elderly and poor people pay their electricity bills by purchasing pre-payment electricity stamps from Hydro-Electric at a discount.

The stamps will be sold at the discounted price through social-work offices in Tayside region, where the SNP won control from Labour in May.

The SNP says the scheme will mitigate the increase in fuel bills caused by the imposition of value added tax.

Hydro-Electric said it sold the stamps at a 3 per cent discount to shops for resale and had also sold them to the charity Age Concern. It said, however, that it had only had preliminary talks with Tayside.

During the regional council election campaign the SNP promised to pay £10 a year to low-income families, those on benefits, the elderly and those with disabilities in councils where it took control. When it won the Tayside and Grampian regions, however, it learnt that it did not have the legal power to make the payments.

It says the only cost to council taxpayers will be that of administering the scheme. It hopes to arrange a similar one with British Gas.

## Solid rise seen in rate of small business start-ups

By Richard Gourlay

The continuing economic recovery is underlined by a solid rise in the rate of small-business formation in the first half of the year, according to Barclays Bank.

About 228,900 new businesses were formed over the period, up 10 per cent on the first half of last year. For the first time since 1990 the level of start-

ups rose in all regions. The rate of generation of new businesses also suggests that the recovery may avoid the breakneck pace of new company generation in the late 1980s. That proved unsustainable and was followed by equally sharp increases in the failure rate.

Mr David Lavarack, head of small business services at Barclays, said: "It is likely we will see a much more

steady pattern of growth in the small-business sector over the coming years. This is preferable to the dramatic rise in the number of businesses witnessed during the 1980s. The recovery in manufacturing start-ups was particularly strong, boosted by strong export demand and the strength of the domestic recovery, Barclays said. The retail sector accounted for a smaller share of start-

ups than in the first half of last year. Small-business closures in the second quarter fell to 109,000, nearly 16 per cent below the rate of the same period last year.

The north-west is leading the recovery in the small-business sector. More than 38,000 new businesses were formed in the first six months, a rise of 20 per cent. In Wales there was a 13 per cent increase.

The south-east, with an 8 per cent increase in new business formation, formed the most businesses but its rate of increase was below the national average.

The south-west, where the economy has been among the hardest hit in the recession, is showing signs of recovery for the first time since 1990. But its rate of formation - at 6 per cent - was below the national average.

## Broadcasters' political 'dependency' attacked

By Raymond Snoddy

Broadcasting organisations are becoming too dependent on the government and their ability to call politicians to account is being dangerously eroded, Mr Greg Dyke, former chief executive of London Weekend Television, said last night.

The broadcasting legislation passed by the Thatcher government was still having its effect, he said. "Although the threats to the political freedom of broadcasters today are less obvious, they are there and, more seriously, have been institutionalised."

Mr Dyke was giving the James MacTaggart memorial lecture, which traditionally opens the Edinburgh international television festival.

Mr Dyke said he had two main concerns. The first was that in commercial broadcasting the delicate balance of being both a business and a

broadcaster was in danger of being too dominated by business.

Secondly, and more importantly, he feared the relationship between broadcasters and government was becoming a dependent one, "with broadcasters constantly wanting favours and legislative action from government - a position which is largely of government's making, and as a result gives government far too much power in the relationship."

Mr Dyke said that partly because of the inadequacies of the 1990 Broadcasting Act and partly because of the business ambitions of some of the ITV companies, the larger ITV groups were always wanting something from government - such as changes in ownership rules or reductions in the amount they paid the government for broadcasting organisations.

"This, I would suggest, is a potential threat to a politically free broadcasting system and potentially gives enormous power to the government of the day," he said.

Mr Dyke, who has made it clear that he is a Labour supporter, suggested that any future Labour government should immediately set up a government commission to look at broadcasting.

He said possible reforms included new ways of appointing the chairman and governors of the BBC and the chairman and members of the Independent Television Commission and a guaranteed income for the BBC over the 10 years of its royal charter.

He also suggested that, to avoid the growing tension between some sorts of journalism and the business interests of commercial broadcasters, two boards should be considered for broadcasting organisations, one business and one broadcasting.

## Herculean labour for the MoD

Lockheed, the US aerospace company, has been embarrassed by the disclosure that it faces charges of bribery in the US. The US State Department's resulting restriction on the export of its Hercules transport aircraft may make life uncomfortable.

The critical issue for the company in the next few months is the impact the affair will have on its chances of selling a large number of its next-generation Hercules to the Royal Air Force.

The bribery charges relate to a contract where Lockheed and two of its executives are accused of paying an Egyptian politician \$1m (£200,000) to help secure an order for Hercules five years ago. Lockheed denies the charges.

But because the company has been indicted the US State Department has put a stop on licences allowing Lockheed to export its Hercules C-130 and Orion P-3 reconnaissance aircraft. The ban applies to export licences issued after the charges were made on June 22 although the company can ask for exceptions to be made on a case-by-case basis.

From a purely legal standpoint Lockheed should still be able to export the next-generation Hercules to Britain. Nego-

With Lockheed on bribery charges, Malcolm Rifkind has some tough choices to make, says Bernard Gray

tiations with the government to replace the first half of Britain's ageing Hercules transporter fleet have been under way for many months. The UK is still deciding whether to buy the new generation - the C-130J - from Lockheed or to refurbish its Hercules fleet and wait for the new European Future Large Aircraft to become available early in the next decade.

Lockheed has offered the Ministry of Defence a fixed-price deal which includes 30 Hercules aircraft at about £26m each, and a package of training and support bringing the total cost to about £300m. The company has also obtained the export licences that it would need to sell the aircraft.

The licences were granted before the June 22 deadline and are, therefore, still valid. The company says that even if the licences had not already been granted, it would have argued for waivers and might well have received the go-ahead.

But Lockheed still faces an

uncomfortable few months. The bribery case will probably not come to trial before next year and the State Department's restrictions will remain in force until then. If the case is cleared the matter will rest there. If it is convicted, the State Department can continue an indefinite ban on exports until it is satisfied that the company has reformed its practices.

The Ministry of Defence has indicated to choose between Hercules and the European aircraft before the end of the year. But "British Aerospace" has argued for more time to pursue its case, as the feasibility study for the Future Large Aircraft is not yet complete.

A cross-departmental Whitehall committee has recently been set up to examine the industrial implications of buying from the US instead of Europe, as well as the military needs of the RAF. That may also slow the decision.

In any case the defence ministry may be tempted to go slow while the Lockheed case

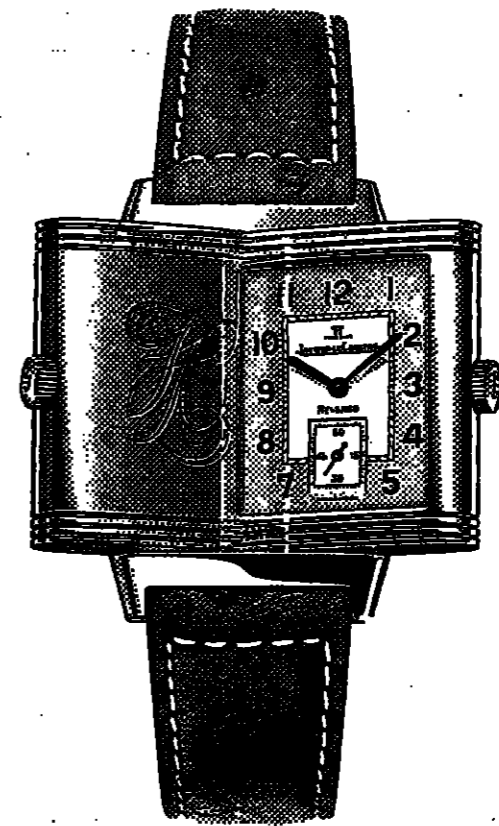
remains unresolved. Many MPs will object if the order eventually goes to the US, and the case will be harder for Mr Malcolm Rifkind, the defence secretary, to present if an overseas winner is also the subject of a corruption charge.

The ministry says it has been aware of the problem for some time and does not feel that the charges will affect the purchasing decision. Lockheed says it has done nothing wrong and that the RAF buying Hercules remains unaffected. British Aerospace, perhaps surprisingly, is saying nothing at all.

Nevertheless, the incident raises the political stakes for ministers. The RAF has long favoured buying new Hercules, partly because some of the fleet is wearing badly and the C-130J will be available much earlier than the European aircraft. It has partly because an order for the Hercules now would mean 30 new aircraft while there is still money in the budget to pay for them.

But the defence secretary attempted to back that view he will have to take on the British Aerospace industrial lobby. He would not feel in a strong position to do so if Lockheed's name were cleared first.

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Saturday August 27 1994

## Negotiating the recovery

*Beyond Reasonable Doubt*, the title of Lord Archer's first play, may no longer describe his chances of joining another government, but it does a good job of summing up the prospects for the UK recovery. With real growth exceeding predictions, and inflation underfoot, the two years of healthy economic growth seem all but certain. The forecast for the government, however, is as doubtful as ever.

Monday's news that the economy grew more quickly than expected in the year to June was a pleasant follow-up to the previous week's surprisingly subdued July inflation figures. Real GDP is now thought to be growing at an annual rate of 3.7 per cent; earlier estimates had put it at 3.3 per cent. The August survey of monthly trends in manufacturing from the Confederation of British Industry did little to spoil the rosy picture. A higher proportion of respondents expect to raise output in the coming four months than at any time since the recovery began.

Mr John Major, the prime minister, may be less enthralled with "trickle-down economics" than his predecessor, but any government tends to expect good economic news to trickle down into its popularity. Yesterday's MORI poll, indicating another record low in the Conservatives' popularity, scotched that theory again. The opposition's current 33 percentage point lead contrasts with the 3 per cent Tory lead at the end of the second quarter of 1992, when the economy first edged out of recession.

Conservative MPs will be planning their hopes on Mr Clarke, the chancellor of the exchequer, to revive the relationship between economics and politics, with tax cuts by the November 1995 budget, if not before. He will be able to oblige them, without jeopardising the economy's longer run stability, only if the economy's traditional Achilles heels - the current account and public sector borrowing - prove less troublesome than history would suggest. On the first, there are indeed grounds for optimism, none of them conclusive. On the second, the government's own commitments have put it on a precarious path.

### Favourable surprises

The downward \$600m revision to the UK's current account deficit in 1993, which was announced on Monday, does not significantly affect the combined £10.9bn shortfall in net exports for that year. But observers have been revising their expectations for medium-term export growth in the wake of the week's other favourable surprises. The CBI now predicts the volume of goods sold abroad to

grow by 6 per cent this year and next. There was some justification for this in its own survey, which found favourable growth in export orders. More significant, however, is the fact that the largest continental European countries are emerging from recession faster than previously thought.

French and German consumers may prove happier to splash out on consumer goods in the coming year, as their economies revive, than their counterparts in Britain. That would certainly be the preferred outcome.

### Feel-good factor

The trouble is that the current account is not the government's only concern. It is also worried by the lack of a "feel-good factor" in the recovery. For all that it has been consumption-led, consumer expenditure accounted for over three-quarters of the 1.9 per cent growth in GDP in 1993, and looks set to provide around two-thirds of this year's figure. Consumption growth has not been matched in the consumer confidence figures, largely because the spenders' real incomes were being squeezed at the same time.

Mr Clarke inflicted much of the pain himself, in the tax increases announced last November. By 1996, the combined prudence of the last three budgets will be yielding some £17bn a year in extra revenue. How much, if anything, he can give back to the electorate will depend on whether he can stick to the severe targets for control of public spending which he reaffirmed in June. In theory, real public spending is to rise a mere 1 per cent per annum over the four years from last November.

Achieving this would make Mr Clarke a more frugal keeper of the public finances than any chancellor of the 1980s. That alone would appear to provide good grounds for optimism. But the fact that he has linked his efforts to the constraint of headline public sector wage deals means that the chances of visible future are even larger than usual. True, the subdued behaviour of average wages over the past few quarters means that the gap between public and private sector earnings growth is less than one might have predicted at the time the policy was imposed. But the shortfall is likely to provide a growing source of pressure in the public pay rounds ahead. Certainly, this is a high risk approach.

The conflicts produced by such a blunt-edged instrument of fiscal restraint are a poor way to revive the public's confidence. *Not a Penny More, Not a Penny Less* may have been a bestselling book. It may prove to do less well as a political strategy.

**W**hy am I always measured against the standard of Mother Teresa - a saint by which even saints will fail - and not against those chairmen of companies who create huge corporate crimes?" pleaded Anita Roddick, founder of Body Shop International, when her company came under attack in 1993 over its environmental standards.

She must have asked herself the same question this week. For the past 10 days the natural cosmetics company she founded 15 years ago in Brighton has been the target of intense publicity, amid claims that the high ethical and environmental standards it claims to uphold might be less genuine than it would like the world to think.

What prompted the controversy was the revelation that Franklin Research and Development Corporation, a US ethical investment adviser which has more than \$350m in funds under management, had sold its 50,000 Body Shop shares in mid-July and recommended its clients to do likewise.

The result has been several days of claim and counter-claim trickling into the press, while Body Shop, Franklin and other ethical research organisations have been bombarded with calls from journalists. Several US and UK ethical funds are reviewing their position. Since Thursday a week ago, the company's shares have dropped from 242p to a closing price of 219p in London yesterday.

The criticisms appear to pose the biggest threat to the company's squeaky-clean image since a 1993 documentary on Channel 4. Body Shop restored its reputation after that attack by winning damages of £273,000 against the programme makers in a High Court libel action last year.

This week's events raise specific questions about Body Shop practices over the years, but also much broader ones about how essential a faultlessly "green" reputation is to the company's success, and how the ethical investment sector operates.

Franklin's advice to sell Body Shop shares was triggered partly by commercial factors that would be a consideration for any stock market analyst. First, it took the view that the company's stock price was already high for the retail sector at a time of growing competition.

Second, it had seen research which was highly critical of Body Shop, written by Jon Entine, a US journalist, some of which was scheduled to appear in Minneapolis-based *Business Ethics* magazine at the start of next month, with more details scheduled to appear in other publications over the next few weeks. Franklin believed that - whether or not the allegations were true - they would cause the company's share price to fall.

Franklin is currently researching the claims and talking to Body Shop about a piece it is writing for its own insight newsletter next month, which will provide an assessment of the ethical standards of the company. It has not yet determined what its conclusions will be.

However, it has told the *Financial Times* that it would not have taken the decision to sell Body Shop shares unless it believed there was

# Halo slips on the raspberry bubbles

The reputation of Body Shop has been tarnished by ethical questions, say Andrew Jack and Neil Buckley

a case to answer. It also stresses that it is still advising clients to sell their shares. "We do not sell stock based on every short-term rumour," said Mr Patrick McVeigh, senior vice-president.

Franklin's move has brought to an end a long period in which Body Shop successfully generated a positive image. The time now appears to have turned, causing Gordon Roddick, Anita's husband and the chairman of the company, to dub critics this week "the zealots of cynicism".

Body Shop is frustrated that it has not been able to respond in detail because it has not seen the allegations. "It is not fair," says Angela Bawtree, investor relations manager. "All we have seen are rumours of allegations. We have responded as fully as possible."

It all seems a far cry from the Body Shop of the 1980s, one of the most successful retail flotations. Its Stock Exchange listing in 1984 and subsequent rapid expansion proved well-timed, as it capitalised on the growing consumer demand for stylish and innovative products, coupled with increasing public awareness of environmental issues.

While some similar niche retailers set up by entrepreneurs in the 1980s, such as Sophie Mirman's Sock Shop, later ran into financial difficulties, the progress of Body Shop has been spectacular. Profits increased from £1.4m in 1985 to £29.7m in the year to August 1994, on sales that have grown from £4.9m to £195.4m over the same period.

The company has achieved this success without advertising, instead using the growing fame of its articulate and energetic founder to sell its products. Anita Roddick personified the company, and rarely refused interviews. Newspapers and magazines devoted multi-page spreads to Anita's beauty tips, what she ate, how she decorated her home, even her favourite films.

The other defining characteristic of the company was its "green" image. It used recyclable plastic bottles and urged customers to refill their old ones rather than buy new ones. It campaigned against testing of products on animals; it plastered the olive-green interiors of its shops with posters telling customers to save the whale and the rainforest.

Body Shop's attempts to maintain high ethical standards extend beyond its environmental policies. The group allows every employee half a day of paid time off each month to do voluntary work. It donated £200,000 to launch the Big Issue, the magazine sold by the homeless, who retain 80 per cent of its cover price. It has campaigned for all employers to provide child care, and opened its own "workplace child development centre".

One of its most high-profile initiatives is the "Trade Not Aid" programme of paying "fair" market prices for its ingredients from people in developing countries. However, this idea has attracted the criticism of Mr Richard Adams, director of New Consumer, a campaigning group based in Newcastle, and the founder of *Trade Aid*, which has long specialised in selling food, clothes and handicrafts bought at "fair" prices from the Third World.

He argues that - despite the posters and other publicity for its programme - "Trade Not Aid" represents less than 0.1 per cent of Body Shop's trade. The company replies that it cannot quantify the amount, but that it is "more than 1 per cent but less than 10 per cent".

There is little doubt that Body Shop is far more advanced in its ethical and green causes than most of its competitors - many of which have since emulated its lead. For example, it is one of a handful of companies to provide environmental data about its activities, through an annual "green book" which complies with new EU



guidelines on ecological management and auditing. But Mr Adams' disillusionment with the company has come partly because he claims it has repeatedly refused to provide him with the detailed information that would allow him to examine its claims thoroughly. The ethical investment movement needs more. "People have taken a lot on trust," says Mr Adams. "The crux is to have independently verifiable information."

The company stresses that it is making improvements all the time. It has hired the former head of Oxfam's fair trading division in Canada to help develop its projects. It recently appointed non-executive directors. It is about to enshrine its "values" in its official company memorandum of association.

Yet the company's critics have a broader concern. It is not that it may have failed on any one of the individual claims made by Entine or other critics, but that the company persistently appears to exaggerate its involvement in worthy

causes. "They take every positive aspect and promote it to the maximum extent," says Mr Adams.

Body Shop also plays down any negative information. For example, when news emerged this week that Entine's allegations included the claims that there had been "emissions" from its bottling and warehousing plant in New Jersey, Mr Roddick said there were, in fact, two spills of 30 gallons of shampoo two years ago, and the company notified the authorities immediately.

However, Hanover Sewage Authority, the local body charged with cleaning the water and monitoring standards, says it traced three spills caused by Body Shop in 1992-93, totalling at least 62 gallons. In each case, the authority detected the leaks and told the Body Shop.

What also irritates critics is the company's reluctance to accept any alternative point of view - and its eagerness to silence those who challenge it. The Channel Four libel action last year was one example. Much of the ethical investment community has appeared reluctant to criticise Body Shop, partly because the Roddicks have long been involved with the organisations set up to examine and promote ethical causes within the business world and beyond.

"One of the problems is the desire of the ethical movement to seek champions," says Mr Adams. "It was a role that Anita was eminently fitted for. But you need a balance between champions and the development of systems."

Will the recent events make much difference to investors outside the narrow confines of the ethical movement, or to Body Shop's customers and therefore ultimately its financial performance?

Many observers say that adverse publicity about Body Shop's ethical standards may not drive away large numbers of customers. The overriding reason most shoppers buy Raspberry Ripple Bathing Bubbles and Camomile Shampoo is because they like the products - not because of Body Shop's environmental policies.

Ms Hilary Monk of Verdict, the retail research group, says customers in a recent survey ranked Body Shop's product quality well above that of other health and beauty retailers, and said it was their most important reason for shopping there.

But Mr Nick Hawkins, retail analyst at Kleinwort Benson, the merchant bank, says customers are reassured by the feeling that the products they are buying are environmentally friendly, and are prepared to pay more for them.

"Customers look through green-tinted spectacles at Body Shop's products. Take away the green spec, and you might have to take a bit of the price premium away," he says.

Any tarnishing of Body Shop's environmental image would make it more vulnerable to price competition. It would remove the group's main point of differentiation from imitators such as the "natural" and "global" collections launched by Boots in the UK, or Bath & Body Works, the US natural toiletries chain, which is expanding into Britain.

When asked whether the company would be changing as a result of the criticism, Angela Bawtree said simply: "It is business as usual." Yet for ethical investors at least, Body Shop may never be seen in the same way again.

## MAN IN THE NEWS: Mexico's President Ernesto Zedillo

**T**here were two victors in Mexico's presidential elections on Sunday. The official winner was Mr Ernesto Zedillo, a 49-year-old former budget and education minister who overcame his lacklustre image to pull off a convincing victory. The other, with as much at stake, was the current president Carlos Salinas. After one of the most traumatic years in recent Mexican history, he looks set to hand over power to his anointed successor after the cleanest ballot the country has known.

Mr Salinas, whose chances at landing the top job at the nascent World Trade Organisation have now risen considerably, insists that his successor deserves credit for the victory. "He presented a consistent, coherent and clear programme in a very intense campaign that got close to people," he said in an interview this week.

Asked for his judgement on the campaign, Mr Zedillo, betraying his training as a central banker, first qualifies his answer. "It's necessary to study what happened closely. My opinions are very preliminary and have no scientific basis." He goes on to credit the strong voter base of his Institutional Revolutionary Party (PRI) which has ruled Mexico for 65 years, the favourable popular evaluation of the Salinas government and the overall campaign. He mentions himself not at all.

Despite the continuity he has promised in economic policy, Mr Zedillo's style is strikingly different from his predecessor's. Mr Salinas, 46, son of a cabinet minister, is a scion of one of Mexico's leading political families. Mr Zedillo, the son of an electrician, rose through state schools to finish his education at Yale. He appears more introverted and modest than his predecessor, but often comes across as abrasive.

Mr Zedillo was chosen by Mr Salinas as the ruling party's candidate less than a week after the murder on March 23 of the president's first choice, Luis Donaldo Colosio. Having resigned from the cabinet to

## Plodder with a prototype of reform

become Mr Colosio's campaign manager, Mr Zedillo was the only member of Mr Salinas's inner circle eligible for the nomination. Serving ministers were barred from running under a constitution which states that, for a minister to contest the election, he must have resigned at least six months before polling day.

Mr Zedillo denies ever having an inkling that he would be president. He first considered the possibility "the day that I was nominated". But Mr Zedillo was reported to be the first to arrive at the presidential palace after the assassination, indicating that the thought of becoming president may not have been as far from his mind as he claims.

His nomination was opposed by members of the ruling party. A political loner, who counts the solitary pursuit of long-distance running as his hobbies, Mr Zedillo had few allies in the PRI, and some enemies. Most of his supporters in the government were those who like him had doctorates in economics from US universities.

But Mr Zedillo has faced criticism from a broader front. Mr Enrique Krauze, a prominent historian, last week described Mr Zedillo as being "an honourable man, an intelligent economist and a workaholic. Unfortunately he is also a man of narrow cultural horizons and vision".

Mr Krauze, like many Mexicans, was scornful of Mr Zedillo's effort when as education minister he revised Mexico's outdated school history textbooks. The new books were withdrawn after criticism that they diminished the role of Mexico's nationalist heroes, and were riddled with errors.

Mr Zedillo dismisses these criticisms as inventions of the chattering classes who are out of touch



with the real Mexico. "I say that there are two Mexicos. One Mexico of the common people. And a Mexico of the elites of Mexico City. The real Mexico is the first one, the one that is most representative."

Such a view of Mexican society appears to shape Mr Zedillo's approach to political affairs. He appears convinced that the importance of the New Year peasant uprising in Chiapas - in which several Mayan Indians seized half a dozen towns and declared war on the government of President Salinas - has been exaggerated by the national and foreign press.

"The people who spend all their time in Mexico, who understand its problems, have a more balanced vision of what is going on here."

Mr Salinas, for his part, concedes the Chiapas uprising pushed him

into making far-reaching democratic reforms, in an effort to undercut popular support for the rebels.

"The events of Chiapas might well have provoked a political clampdown, and it was an option that we had. But we decided the opposite, to open more to political competition and to advances in democracy. Taking the more democratic route was a greater risk. But better the risk of democracy than the risk of stalemate," said President Salinas.

With the election over, Mr Zedillo has promised to deepen the democratic reforms that Mr Salinas belatedly embraced. He says this is his central aim and one on which he is seeking a broad consensus with political opponents. Mr Zedillo said he will also co-operate with the opposition to advance reform of the

judiciary, wider social policies and further economic liberalisation. He has also pledged to make the organisation which manages the elections independent of the government, to push for more equal campaign conditions for political parties in future elections, a thorough reform of the PRI, and a devolution of powers to states and municipalities.

Many Mexicans are sceptical of these promises. They point to his expensive campaign, in which he far outspent the opposition, and the use of PRI-affiliated unions to compel workers to attend his rallies, as signs that his commitment to democracy is questionable.

If he proves his critics wrong and carries through his promises of democratic changes, Mr Zedillo will be voluntarily yielding powers which President Salinas used to the full. Mr Zedillo has implied that unlike his predecessor he will not pick PRI candidates for elected positions, nor fire state governors that have outlived their usefulness to him; he would give independence to the judiciary, and allow Congress powers to scrutinise legislation.

For some Mexicans, the manner in which Mr Salinas wielded presidential power, often with little regard for constitutional and legal constraints, is his most damaging legacy. By betting that economic growth would disarm political opposition, Mr Salinas "ignored the political side of the equation," says Mr Luis Rubio, a political scientist. "Many of the ways in which he solved problems were destructive of the institutions of the country."

For all the criticism of Mr Zedillo's plodding style, his supporters say that he is committed to strengthening Mexico's democratic, legal and local government institutions. This, says Mr Rubio, is just what it needs and would mark a fundamental change with the past. "If there's a prototype of the person to do this, it is Mr Zedillo."

Stephen Fidler and Damian Fraser

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إلى المولى

The last time Cuban and US leaders sat down together was to celebrate the triumph of co-operation over conflict. The achievement, however, was not theirs. Under Pretoria's blue sky, Cuban President Fidel Castro and US Vice-President Al Gore, among others, shared the wonder of Nelson Mandela's inauguration as South Africa's first democratically-elected president.

In a year of handshakes between old enemies, the failure of the US and Cuban governments to end their cold war bickering has been an exception.

The flood of refugees leaving the island over the past two weeks and the US commitment to shelter them indefinitely, has once again exposed the anachronism of US Cuba policy and the domestic forces which shape it.

The Clinton administration last week came to terms with one consequence of a tough stance on Cuban immigration. It announced that in future Cubans were not going to be granted access to the US but would be detained at the country's naval base at Guantanamo Bay, Cuba. Nevertheless people kept coming in increasing numbers and the US is having to prepare for a small city of Cuban refugees to be maintained until they can be repatriated.

When and under what circumstances that repatriation will take place is unclear. The last time US-Cuba relations approached anything like harmony was in 1984. Then the US agreed to drop its right to intervene in the country's affairs and, in return, had the lease on its Guantanamo military base reaffirmed.

President Clinton backs the trade embargo imposed on Cuba since 1963, following Castro's nationalisation of US land on the island, and, during the 1992 presidential elec-

# Passionate talk, little action

James Harding explains domestic forces shaping US policy on Cuba

tion, was more enthusiastic than George Bush in backing the Cuban Democracy Act of that year. The act tightened the embargo by prohibiting overseas subsidiaries of US companies from selling goods to Cuba but to increase the scope for a propaganda drive against the country allowed telecommunications links with the US.

Unlike other economic sanctions imposed by the US - against Iraq or former Yugoslavia for example - the strategic aim of the embargo on Cuba is unclear. Asked what Cuba must do to bring an end to the

**In a year of handshakes between enemies, the failure of the US and Cuba to end their bickering has been an exception**

embargo, Mr Clinton said only: "Mr Castro knows the conditions for changing that policy." State Department officials were equally vague; they wanted "demonstrated evidence of Castro's commitment to change".

One camp that does have a clear idea of what US Cuba policy should entail is led by Mr Robert Torricelli, Democratic Congressman from New Jersey and sponsor of the Cuban Democracy Act. He wants to force the collapse of the Cuban economy

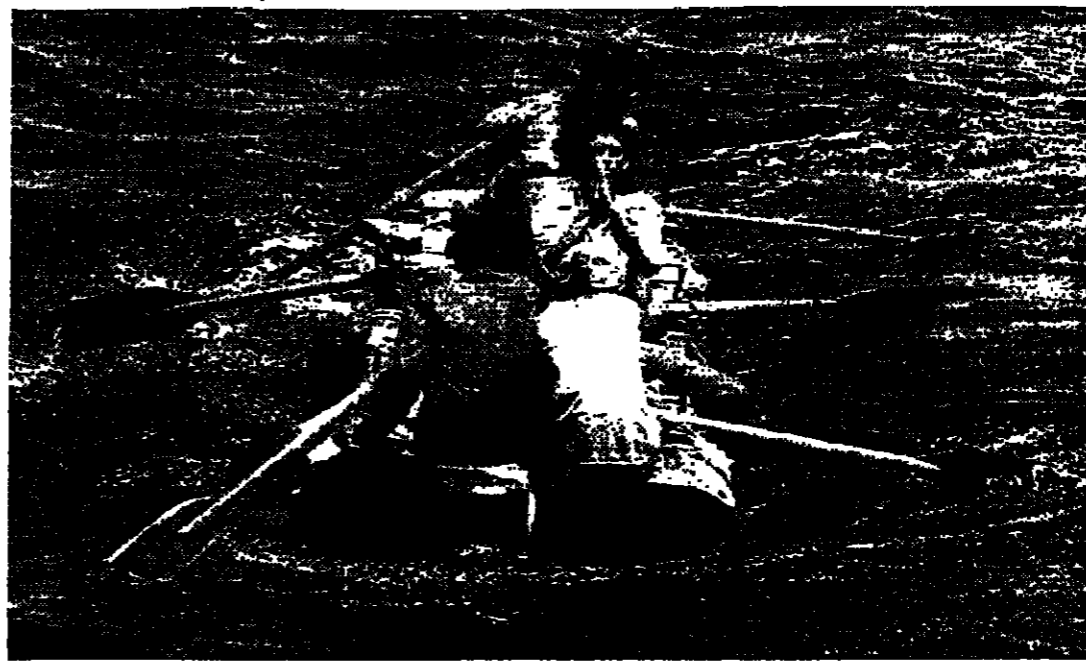
in the belief that, when conditions become intolerable, its population will rise up and overthrow their oppressor.

But the prospect of a mass uprising in a neighbouring country causes concern in Washington. The Central Intelligence Agency last year warned the president that serious instability on the island would have "an immediate impact" on the US, spilling as many as 80,000 refugees and embroiling him in demands for US military intervention.

There are also reports of dissent in the National Security Council, which co-ordinates foreign and military policy for the president.

On Capitol Hill, the embargo is also under attack. Senator Chris Dodd, the Connecticut Democrat, has criticised the inconsistency of negotiating nuclear issues with North Korea and granting China the commercial advantages of Most Favoured Nation status, but not talking to Cuba. He advocates exploring "the possibility of reaching some rapprochement".

The White House, however, is aware of dangers of softening its policy on Cuba. Mr Warren Christopher, US Secretary of State, was deputy secretary at the same department during the Carter administration that developed informal links with Havana - only to discover Cuba was sending 100,000 troops to assist the civil war in Ethiopia and to have Castro allow a flood of 125,000 Cubans to leave the



All at sea: ignoring advice to stay at home, a Cuban refugee prays while his fellow escapees row towards Florida

country for the US from the port of Mariel in 1980. The Mariel exodus was a contributory factor in Jimmy Carter's subsequent election defeat.

Mr Clinton too has his own scars from Mariel. After a riot at a Cuban refugee camp in Arkansas in 1980, the sentiment turned against the state governor who was blamed for playing host to the Cubans. Parity as a result, Governor Clinton lost his campaign for re-election in 1980. More recently, Mr Clinton has realised the benefits of talking

tough on Havana. His support for the Cuban Democracy Act won funding and votes from the traditionally Republican Cuban American community in Miami. Florida is an important state for the Democrats; though Mr Clinton lost it narrowly in the 1992 presidential election (with 39.2 per cent of the vote to George Bush's 40.9 per cent) it will be a target in the 1996 contest.

More immediately, Florida's Democrat governor Lawton Chiles faces a strong challenge from Mr Jeb Bush (son of the former president) in November's gubernatorial election - and Mr Chiles is keen to play the Cuban card for votes. Ten days ago he demanded federal action to help the state cope with the flood of Cuban immigrants, successfully pre-empting Mr Clinton's decision to slam the doors shut.

Similar political considerations would explain why Mr Clinton and Mr Chiles have kept Mr Jorge Mas Canosa, the Cuban American community's most prominent politician

and businessman, on board. Support from Mr Mas Canosa's Cuban American National Foundation, the community's most powerful lobby and strongest advocate of the embargo, will be an important consideration in November's congressional, as well as gubernatorial, elections.

Mr Charles Rangel, Democratic Representative from New York, says breaking with conservatives in the Cuban American community and opening talks with Havana to stimulate a free market and political democracy in Cuba would be proof of Mr Clinton's statesmanship.

Mr Clinton is unlikely to respond to such a challenge. Though the Caribbean is increasingly becoming Mr Clinton's equivalent to Ronald Reagan's central America, there still seems little political benefit from intervention. Among US voters, apathy is still more common than anti-communist decision when it comes to Cuba.

In the short term, the administration may just hope that the bad weather holds out long enough to deter people from leaving Cuba. If large numbers continue to come, Mr Clinton will probably look to his allies in the Americas and to the United Nations High Commissioner for Refugees to share the Cuban burden.

Democratic Senator Paul Simon of Illinois, who has supported calls for a dialogue, said on Thursday he feared that isolating one of the world's last revolutionary Communist strongholds was "a response to the national passion rather than the national interest". Two months away from Congressional mid-terms and a string of gubernatorial elections, satisfying that national passion by talking tough and doing little may well be the administration's priority on Cuba.

## Kevin Done on the uncoupling of Benetton cars and Ford engines

In the brittle world of Formula One motor racing, the most surprising feature of the relationship between Benetton Formula and Ford was that it lasted so long. Benetton's announcement this week that it was renouncing Ford, its engine supplier for the past eight years, in favour of Renault, shocked only because the partnership appeared finally to have found the elusive winning formula this year.

The combination of a competitive chassis from Benetton, the most accomplished driver in the championship in Michael Schumacher, and a reliable - and this year more powerful - engine from Ford and its partner Cosworth, has brought seven victories in the first 10 races of the season.

On the grid of the Belgian grand prix at Spa Francorchamps tomorrow, the Benetton-Ford team will still be intact, with the unfinished business of winning this year's championship. Behind the pit lane, however, the machinations have already moved to 1995.

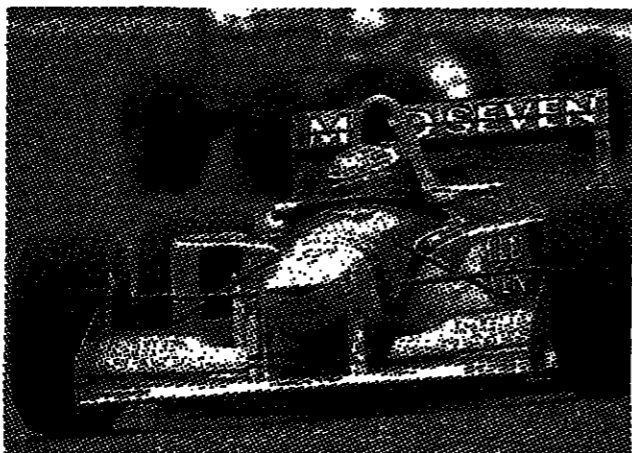
Renault's coup of agreeing two contracts within weeks of each other to supply engines for the next three years to both Benetton and Williams will be difficult to trump, but it remains to be seen how long the French carmaker can run with both the hare and the hounds.

Renault has won the world championship for the past two years with Williams, in 1992 with Nigel Mansell and last year with Alain Prost at the wheel, and it is desperate to remain on the winner's podium.

Ambition is naked in Formula One: there are no prizes for second place. The manoeuvring is ruthless. "The objective is to win grand prix and to be champion of the world," says Mr Patrick Faure, director of Renault Sport. "Our presence in Formula One is only justified by winning. Competition is increasing and it is necessary to give all our efforts to winning with the knowhow of Benetton and the talent of Michael Schumacher."

Such a statement is hardly

## All change in the pits



Failed formula: Michael Schumacher driving a Benetton-Ford

likely to create a sense of ease in the Williams camp. Renault promises that both Benetton and Williams will receive identical works V10 engines next year, and that both will be treated as "works teams", but in practice it has probably already cooked up a recipe for high octane behind-the-scenes conflict.

The parting of the ways between Benetton and Ford was also the culmination of many months of growing unease. It is understood that Mr Jacques Nasser, then chairman of Ford of Europe, had warned Mr Flavio Briatore, flamboyant managing director of Benetton Formula, as long ago as last November that Ford was unwilling to continue supplying engines beyond 1994, unless the conditions of the alliance changed.

"After eight years, relations had worn thin," says one executive close to the team. "There were continual frustrations. You would like to have Michael Schumacher driving for you for the next five to 10

years. He is going to be a megastar, but the price was too high."

For the so-called "works team" in F1 the engine maker pays for the development and manufacture of the engine at its own cost. In return it gets access to joint R&D, representation, the prominent placement of its name, and endorsements from drivers and team.

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were not being assuaged by success on the track. With full Ford backing as works team, Benetton managed only one victory. In contrast, Ron Dennis's McLaren team - no longer powered by Honda - found itself without a works engine. It paid for a Ford power unit and, with a lesser specification than Benetton's works engine, won five of 16 races with Ayrton Senna as driver.

There was also a growing sense of insecurity for Benetton. The US carmaker had been undergoing one of its periodic bouts of soul-searching over the level of its commitment to Formula One, and Benetton could not afford to be left stranded. In the event, Benetton has gone from success to success this year, and Ford has decided to maintain its F1 commitment, but too late to save the partnership.

One route could see Ford team up with McLaren. The world champion for seven of eight years between 1984 and 1991 - powered first by Porsche and then by Honda - has had a trying season with Peugeot. Renault's arch domestic rival. "The joke of the pit lane this season has been to guess on what lap the Peugeot engine will expire," says one rival team member.

The Ford package is attractive. Its V8 engine is currently powering the winning team. It has forged a fruitful, long-standing partnership with Cosworth Engineering, the Vickers subsidiary, which engineers and manufactures the engines, and its electronics resources match the best. The computer screens in the Ford telemetry truck behind the pits monitor the performance of its engines in real time.

"It's like having a runner in the London marathon linked up to a heart machine, with doctors alongside to warn that you are about to have a systems failure, or you need more water or whatever," says a team executive.

For next season Ford must now find a new runner, while for the moment, at least, Renault has acquired Michael Schumacher, the hottest property in Formula One, as long as he goes on winning.

## Bricks thrown at the mouse

UK amusement parks fear Lego more than Disney, says Michael Skapinker

When he became general manager of Thorpe Park in 1988, Mr Colin Dawson started wearing a Mickey Mouse watch to remind himself what he was up against.

He and his team at the Surrey-based theme park, like their counterparts elsewhere in the UK, watched the 1992 opening of Euro Disney nervously. Two years later, they take a more relaxed view of the Paris theme park, whose poor financial performance has brought it pages of bad publicity.

Mr Dawson, who still wears the Mickey Mouse watch, can afford a touch of Schadenfreude at Euro Disney's plight. He says: "I think their ego prevented them from seeing what some of the problems would be."

Despite the competition from across the Channel - Euro Disney attracts nearly 10m visitors a year - the UK's three largest theme parks all enjoyed record attendance figures last year.

Alton Towers, based in Staffordshire, saw attendance rise 5 per cent to 2.6m in 1993. This year's figure is expected to be higher, after the opening this spring of the Nemesis ride, which gives customers the feeling of weightlessness as it hurls them around. Surrey-based Chessington World of Adventure - which, like Alton Towers, is owned by the Pearson group, publisher of the FT - had 1.5m visitors last year, up 28 per cent on the year before. Thorpe Park, a subsidiary of concrete producer RMC, received 1.3m customers, compared with fewer than 1.2m in 1992. While neither parent group releases profit figures for the parks, all three say their owners are happy with their financial performance.

In retrospect, they say the opening of Euro Disney may even have helped them. Ms Lesley Morrisett, Chessington's marketing manager, says the press and television coverage of Euro Disney helped to explain to British parents what a theme park was. Many had memories of the seedy seaside amusement parks of their youth. Euro Disney demonstrated to a wide audience that there was now something new on offer: clean, safe, well-run amusement attractions.

Some of the press coverage of Euro Disney mentioned that Britain also had theme parks worth visiting. Ms Morrisett says: "On balance, Euro Disney has done us a lot of good."

While Euro Disney introduced many Britons to the company's attractions, others already knew them well, having visited Disney parks in Florida or California. Ms Morrisett estimates that 20 per cent of visitors to Chessington have been to a Disney park. Their experiences of the US Disney attractions had already raised expectations of what a British theme park should offer.

The three large UK parks say that the Disney organisation has taught them



Thorpe Park: record number of visitors

much of what they know about grouping attractions in areas with different themes - such as Calamity Canyon at Chessington and Fantasy Reef at Thorpe Park.

Disney's influence can be seen in all three parks. Thorpe Park has been the most open in its adoption of Disney ways. Like Disney, it calls its employees "cast members". Its rules on employee appearance and dress sound similar to those in force at Euro Disney.

Thorpe Park's employee booklet says men's hair must be one inch above their collars at all times. It adds: "Tails of hair plaited with beads, step or graded hairstyles are not permitted. Extreme hair colours are not allowed." Unlike Euro Disney, Thorpe Park allows beards, provided employees grow them during the winter when the park is closed.

While the quality of the rides is high at all three parks, none is able to offer the

well-known characters that Disney can. Alton Towers had a mascot called Henry Hound, but Ms Jill Britton, the park's marketing director, says: "He has gone to the great dog kennel in the sky. He just wasn't strong enough." The park is now introducing Beatrix Potter characters instead.

There are other ways in which the UK parks fall short of the Euro Disney standard. None manages to be quite as clean as Euro Disney. Thorpe Park comes closest, but during a visit in early summer, parts of Alton Towers had litter which would not have been tolerated at the Paris park.

Mr Andrew Hollingsworth, Alton Towers' divisional director, says the litter problems are the result of staffing difficulties. The park has had problems this summer attracting employees: the park is closed in the winter and working only part of the year is not an attractive proposition for work-seekers at a time when the economy is improving.

The other two theme parks say they have no difficulty attracting staff for only part of the year. The large student population in the south of England means there is a pool of people happy to work in the summer months. Chessington and Thorpe Park say they also have little trouble recruiting non-student employees in the spring and autumn.

The UK parks claim they have avoided two of the causes of Euro Disney's financial difficulties. First, unlike Euro Disney, they do not stay open in the winter. Mr Dawson dismisses Euro Disney's claim that the weather does not affect theme park attendance.

Second, the UK groups have not built hotels at the parks. Euro Disney has six, which it has struggled to fill. Alton Towers is building one 175-room hotel. Because 20 per cent of its visitors stay for two days, it says it should have no difficulty filling it.

There is something, however, that worries the two south of England parks: the planned opening of Lego World on the site of the former Windsor Safari Park in 1996. Lego, the Danish manufacturer of the toy building bricks, is basing the British park on its Legoland park in Jutland, which draws about 1.2m visitors a year. Lego World will be the company's first park outside Denmark. Like Thorpe Park and Chessington, Lego World is expected to appeal to day-trippers from the surrounding area.

Chessington has requested planning permission to expand its offerings to counter the threat from Lego. Mr Dawson has been to Lego's park in Denmark and was impressed by what he saw. Thorpe Park will have to work hard to hold on to its market. He says: "We're a lot more concerned about the arrival of Lego World than we ever were about Euro Disney."

## EU tape levy too burdensome

From Mr John Buchanan.

Sir, Emma Tucker ("Blank tape prices may rise if EU supports levy plan", August 18) was fairer than Mr Bickerton (Letters, August 24) suggests. But she quotes an interesting comment from the Commission to the effect "we shall try to [harmonise the levy] at a level that is not too exaggerated".

This is fine, but not matched by reality: the Commission is thinking of a 26.3 per cent rate on the trade value of audio tapes and 45.8 per cent on

video tapes. These rates, which average out at more than 39 per cent for audio and video tapes together, contrast with 3 per cent in the US and Japan. The EU wants to impose more than 10 times this rate.

The EU is sometimes criticised for shooting itself in the foot by placing heavy burdens on its own industries. This would be a classic example. John Buchanan, European Tape Industry Council, B-1040 Brussels

## Banks must pre-notify on charges

From Mr Lockley Ryan.

Sir, There has been much comment in recent weeks regarding the banks' standards of charges and service (Editorial: "Banking raids", August 23, "Brown pledges to curb bank charges", August 22). Some of that comment is justified, but not all. No bank should be complacent about the level of service it offers and all should strive constantly to improve.

Unlike the rest of the commercial market, most banks do not notify customers before a charge is made. Naturally, cus-

tomers would prefer not to pay charges at all, but our research shows that by notifying them before the amount is debited many problems are overcome.

TSB was the first to introduce pre-notification of all charges in February. Others are now doing so. Little attention has been paid to the benefit to customers of pre-notification. All banks must rectify this if we are to avoid the criticism of charging practices. Lockley Ryan, TSB Group, London EC3V 9DN

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Big enough to deliver - small enough to care

From Mr Richard Good.

Sir, I read the editorial "England's local shambles" (August 25) with great interest. It is sad that the British trait of resistance to change at all costs once again rears its head.

As an employee of local government at county and district level for many years, I am all too aware of the shortcomings of the present two-tier system that breeds inefficiency, lack of accountability and duplication of service provision. This system does not best serve the needs of our customers - the

council tax and business rate payers. The opportunity was missed in 1974 to dispatch the archaic system to the history books, primarily as a result of political desire to retain control through the shire counties. If the opportunity to introduce unitary authorities is again squandered, then the public who pay the cost cannot subsequently complain if these inefficiencies continue.

Most of the businesses with which I deal are aware of the frustrations and inconsistencies that result from the need

to negotiate their way around two authorities, whether they wish to seek financial support, achieve planning permission, require information on current legislation or avoid falling foul of conditions and constraints imposed differently at county and district level. They see the way local decisions and local accountability works in the US and Europe, and often seek to invest overseas rather than become trapped amid this confusion.

In all situations the cost of change is easily quantifiable

and the potential financial benefit can only be a projection. To use that as an argument not to make progress and introduce change would have resulted in the retention of mud huts, bows and arrows, and horses as a means of transport. Let us grasp the nettle and introduce a unitary system of local government that is efficient and serves the needs of the people who pay the bills.

Richard Good, chief executive officer, Mansfield district council, Nottinghamshire NG19 1BE

## The more things change, the more they stay the same...

From Mr Mark Barrett.

Sir, A number of newspaper reports have recently made reference to "compassion fatigue". Certainly there are times when the world's problems seem too large fully to contemplate. But perhaps the

tragedy that unites all the tragedies is our inability to learn from what has gone before. I read in the past few days:

"To hinder insurrection by driving away the people, and to govern peacefully by having no subjects, is an expedient that

argues no great profundity of politics. It affords a legislator little self-applause to consider that where there was formerly an insurrection, there is now a wilderness."

Rwanda - obviously. Not - Samuel Johnson com-

menting on the tribal and class-based conflicts that led to a mass exodus from Scotland in the 18th century.

Plus ça change, plus c'est la même chose. Mark Barrett, West Midlands B71 4BE

## Three or more easy, democratic ways to reform the House of Lords

From Mr Andrew Barnard.

Sir, Roland Rudd's article, "Time to go, m'lords" (August 25), argues that there is no democratic alternative to outright abolition of the House of Lords.

Yet as the article explains, the main problem is that peerages are determined largely by birth.

So wouldn't the most appropriate response be to recruit peers on a more equitable basis?

Ideally, perhaps, anyone who wanted to sit in the Lords should be given a peerage. Such a reform would be impeccably democratic. It would also offer prime ministers a wealth of talent from which they could select their cabinet ministers.

Unfortunately, stricter selection criteria might be needed to keep down running costs.

One solution, which is similar to Tony Benn's proposal, would be to offer a peerage to anyone who supported government policies.

However, this would not be so democratic and there might be an insufficient number of applicants.

The market solution would be to hold competitive auctions for peerages, which could become a useful source of public finance. Lloyd George is alleged to have experimented along these lines.

A more modern approach might be to privatise the auctions so as to diminish the scope for political influence.

But would there be enough MPs prepared to free the Lords from the dead hand of the state?

My suggestion would be to set an age threshold for new peerages. Anyone reaching an appropriate age - say, 95 - would be automatically elevated to the Lords on their birthday.

It would be interesting to see whether anybody noticed the difference.

Andrew Barnard, Brussels 1040, Belgium

## COMPANY NEWS: UK

Largest MBO since Gardner Merchant in 1992

## BP sells nutrition business for \$425m

By Robert Corzine  
and Richard Gourlay

British Petroleum yesterday capped a two-year effort to dispose of its nutrition business when it sold the bulk of its remaining interests for \$425m (\$274m), in the largest management buy-out since 1992.

The sale means that BP has realised about \$1.5bn in disposal proceeds since it announced its withdrawal from the nutrition industry two years ago in a move to cut debt and return to its core oil and gas business.

The buy-out, which is jointly led by CINVen and Baring Capital Investors, is the largest since the purchase of Gardner Merchant, the contract catering company, from Forte in 1992.

Companies included in yesterday's sale are centred around the Dutch Hendrix group, which BP bought in 1978. The new company, Nutreco, will retain the existing management team led by Mr Richard van Wijnbergen, chief executive. It has 30 operating companies throughout Europe and the Americas, employs 5,700 people and will have a new headquarters at Boxmeer in the Netherlands.

About two thirds of Nutreco's \$2.3m of sales is in its animal feeds business, a mature market where the company is involved in a straight fight for market share.

The other third of the business is in what CINVen believes is the growth market supplying fish feed, an area that will benefit from growing demand for fish. It operates salmon farms in Canada and Chile.

BP is being paid \$425m, but the venture capitalists are raising an additional \$125m for a working capital facility.



Richard van Wijnbergen: continues as head of management team

ing an additional \$125m for a working capital facility.

CINVen says the proportion of debt in the deal is in line with the market norm - a debt to equity ratio of between 1-to-1 and 2-to-1 - although it appears to be higher given the large working capital facility.

BP Nutrition still has a Thai shrimp farming operation and a US fish trading arm which it wants to sell, but yesterday's disposal marks its effective withdrawal from the sector.

BP's interest in nutrition began in the late 1970s, when it became involved in a process to turn oil residues into animal feeds. It came at a time of high oil prices and a trend among oil companies to diversify.

The acquisition of Hendrix in 1979 for about \$60m formed one of two main pillars of BP's nutrition division. The other was the purchase in 1986 of Purina Mills, the largest US animal feeds group. It was sold last year to a management group for \$125m.

The consumer products group within the division was also bought out by its managers last year for \$250m, while the European pet foods part of the business went to Dalgely, the food and agricultural supplies group, for \$42m.

BP yesterday said there was no sense of failure associated with the company's diversification into nutrition. It emphasised that there had been no write-down on any of the transactions. Two years ago some analysts had predicted that BP might struggle to find buyers for the businesses.

Disposal proceeds this year now total about \$1bn, compared with a target of between \$1bn and \$1.5bn. The final figure is likely to be in the middle of that range, according to company officials.

## Circulation of Body Shop article restricted

By Andrew Jack

The US magazine due to publish a critical article on Body Shop International next week will not distribute copies in any Commonwealth country in an attempt to avoid British libel laws.

Speculation about the contents of an article in *Business Ethics*, the Minneapolis-based magazine, and articles expected to be printed in other publications has helped trigger controversy around Body Shop over the last few days.

*Business Ethics* said yesterday that it was going ahead with its plans to carry the article, written by Mr Jon Entine, a US journalist, on Thursday.

It has refused requests from Body Shop, as well as many journalists and other organisations, to see copies of the article before publication.

However, it is believed to have decided to prevent circulation in any of the countries of the Commonwealth after seeking legal advice.

The US constitution prevents any attempt to obtain an injunction to forbid publication of the article in advance.

The magazine, with a distribution of about 14,000, published a highly positive piece on Ms Anita Roddick and the Body Shop two years ago.

It said that next week's article "does raise questions about the Body Shop's policies and practices" but does so "in a fair and balanced way" with supporting documentation.

Body Shop's shares closed down 3p at 218p yesterday. They were 242p on Thursday a week ago before details about the articles began to emerge.

## Deregulation row casts doubts over Dairy Crest flotation

By Michael Smith

The Milk Marketing Board yesterday appeared to rule out an early flotation of its Dairy Crest subsidiary.

Speaking after Thursday's talks with the government on the industry's deregulation, Mr Andrew Dare, MMB's chief executive, said he thought that floating the dairy foods arm before November would mean working towards an extremely tight timetable.

There had until recently been hopes that a sale could be achieved by November 1, when the deregulation of the industry is due to be effected.

However, the row over deregulation has convinced many within the industry that a flotation is unlikely this year and may not happen at all.

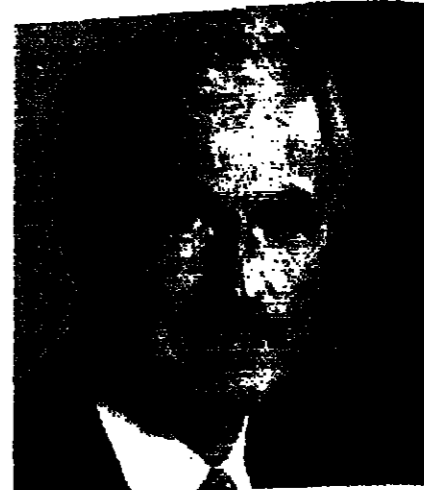
Some analysts believe that the uncertainty and the rise in prices that the Dairy

Trades Federation is protesting about will increase the chances of a management buy-out at Dairy Crest, valued by some analysts at more than £250m.

However, a likely fall in profits this year - last year it made £39.8m at the operating level - will depress the potential proceeds if a flotation is made in the near future.

Thursday's government talks between the Dairy Trades Federation and the MMB, soon to be replaced by a voluntary co-operative of dairy producers called Milk Marque, ended with Mr William Waldegrave, the agriculture minister, promising to consult with his ministerial colleagues.

The DTFF has threatened to take the government to court over the deregulation and Mr Waldegrave has said a referral to the Monopolies and Mergers Commission cannot be ruled out.



Andrew Dare: early float would mean working towards a tight timetable

## BM to reduce debt via £17m disposal

By Peggy Hollinger

The prospect of a rights issue this year to complete the revival of BM Group, the engineering company in refinancing talks with its bankers, receded yesterday as the group announced the surprise sale of its dumper truck manufacturing business.

BM had been widely expected to announce a £20m rights issue as part of the refinancing. The sale of Benford to Powerscreen, which makes screening and stone-crushing equipment, for a net £17m in cash and shares now makes a rights issue to reduce debt unnecessary. However, BM could still call on shareholders

next year for funds to expand its ongoing businesses.

Mr Cliff Walker, chief executive, said the group would "not shy away" from a cash call if the appropriate opportunity arose. "I can see a situation, once the right acquisition is in our sights, where we may need to return to shareholders."

BM almost collapsed last year from the effects of the £60m acquisition in 1990 of Blackwood Hodge, the construction equipment distributor, which it has been estimated, has cost BM up to £100m. It is considering possible litigation against Hambros, the merchant bank which recommended the purchase.

Under new management, virtually all of the Blackwood Hodge businesses have been sold or closed down. As part of the restructuring programme in 1993 - which guaranteed bankers' support for short-term finance to the end of this December - the group pledged to withdraw from distribution and reduce the £120m debt.

The disposal announced yesterday, combined with the sale of a US distributor in July, will cut some £28m from the £55m debt to be announced at the annual results in October. Net assets are estimated to be about £70m, including a £31m pension fund surplus.

BM will receive £12.8m in cash and 1.4m Powerscreen shares with a guaranteed disposal value of at least £4.2m.

The cash will be used to eliminate the £12.9m intercompany loan from BM to Benford. BM is expected to take a £1.1m write-down on the disposal.

Mr Walker said BM expected more than £4.2m from the sale of the shares over a six to nine-month period.

BM has written to shareholders reassuring them of its commitment to its other core industrial machinery manufacturing businesses.

Mr Walker also said the refinancing talks were progressing well and an announcement was hoped for soon. BM is expected to sell at least one of the last three small Blackwood Hodge businesses shortly.

## Leyland Trucks at £8m and plans to lift output

By Kevin Done,  
Motor Industry Correspondent

Leyland Trucks Manufacturing, the truck maker rescued last year by a management buy-out following the collapse of the Daf group, reported pre-tax profits of £8.4m for the 11 months to end-April.

The company, formed in June 1993 with backing from Barclays Development Capital, had turnover of £148.6m.

Earlier this year LDV, the Birmingham-based van manufacturer which was rescued by a separate management buy-out from the Daf receiver, reported a pre-tax profit of £8.6m on turnover of £79.5m in its first trading period from April to December.

Leyland produced 6,800 trucks over the 11 month period and is planning to raise output to 8,000 vehicles in the current financial year. The company has increased its production rate by about 20 per cent, from 30 to 36 trucks a day, since it was formed last

June. The break-even level for production had been reduced to about 5,500 trucks a year.

Leyland has established three main business areas: the production of its 45 series light trucks for sale through the European dealer network of Daf Trucks, the Dutch company formed after the collapse of the former Daf group; the production of military trucks, currently for the Ministry of Defence; and the production and sale of trucks in world markets outside Europe.

The company expects to sell 7,000 trucks through the Daf network this year and forecasts that the total will rise sharply in 1995 and 1996. It has established trading agreements in Africa and east Asia and has secured orders from 22 countries worth some £11m.

Mr John Gilchrist, chief executive, said that "sales volumes are increasing in all our major markets, although the proportion of our income from the UK military will diminish at the end of the current contract".

## Two acquisitions and change of name for BTG

By Peter Franklin

Business Technology Group, the photocopier and facsimile sales and service company, announced yesterday that it was to make two acquisitions and change its name to Berkeley Business Group.

At the same time it reported a reduced pre-tax loss of £96,000 on turnover of £5.98m for the half year to June 30 against restated losses of £233,000 on turnover of £2.78m.

In its first significant expansion since the installation of a new management team last October, the group is acquiring Captain Cargo, a parcel and freight delivery service, and Photostatic (EMG), a photocopier servicing company.

The consideration for Captain Cargo is £3.5m, to be satisfied by £3m in cash with the balance settled by the issue of 34.7m new ordinary shares. Photostatic is to be acquired for £1.83m - £1.13m of which will be paid in cash, with the balance made up of 4.71m new ordinary shares.

To fund the cash element of the acquisitions and provide fresh working capital, BTG is to raise about £10m via a placing of 14.3m new ordinary shares at 70 pence.

Of these, some 72m have been placed firm and 71m have been conditionally placed subject to clawback on a 9-for-10 basis. The placing has been underwritten by Guinness Mahon.

In the year to end-December 1993 Captain Cargo made a pre-tax profit of £1.3m on turnover of £15.1m, while Photostatic reported profits of £51,000 pre-tax on turnover of £2.08m.

For the first half, BTG's operating profits were £43,000 compared with losses of £92,000. Losses per share emerged at 0.12p (1.02p).

BTG's shares were suspended at 84p at the company's request pending shareholders' approval of the acquisitions and fund raising. As part of the transaction Mr Malcolm Burge, managing director of Captain Cargo, will join the board of BTG.

## Sunleigh rises 30% to £270,000

Sunleigh, the leisure products company, reported pre-tax profits up by 30 per cent from £208,000 to £270,000 for the six months to end-June.

The outcome was struck on turnover down from £3.94m to £7.98m, although last year's figure included £263,000 from discontinued operations.

Earnings per share increased from 0.05p to 0.12p, reflecting the lower proportion of group profits derived from Gavel, in which there is a 36 per cent minority shareholder.

## Baldwin cuts seasonal deficit

Baldwin, which has interests in four operating restaurants, printing and property, reduced its pre-tax losses from £2.25m to £2.17m in the half year ended April 30.

Mr David Landan, chairman, said that as in previous years the deficit was a direct result of the group's accounting policy and the seasonality of

the four operating divisions. Group turnover advanced to £11.4m (£9.41m) reflecting both organic growth and a full six month trading from the restaurant division, he said.

During the second half the restaurant side should benefit from the refurbishment programme, the elimination of 10 loss-making units and the growing popularity of the Simpsons restaurants.

He said all indications were that the group was heading for a record performance in the current period. Profits were £2.83m pre-tax for the year to last October.

Despite losses per share of 7.67p (7.83p) the interim dividend is held at 1.6p.

slowly but directors stressed that the main selling thrust tended to come in the autumn months. The sales effort would be increased, they said.

The interim dividend goes up 50 per cent to 0.75p, payable from earnings of 2.4p (2p) per share.

## Mallett up despite difficult conditions

Despite "difficult" trading conditions, Mallett, the New Bond Street art and antique dealer, reported pre-tax profits of £501,000 for the half year to June 30, an increase of 22 per cent on the comparable £409,000.

The company attributed the upturn, achieved despite an 11 per cent contraction in turnover to £4.56m (£5.13m), to it selling more of its own stock.

Last time, a higher than usual proportion of sales were on a commission basis. The second half had started

turnover, achieved despite an 11 per cent contraction in turnover to £4.56m (£5.13m), to it selling more of its own stock.

## Higher interest income keeps Pegasus in black

A fall from £1.02m to £68,000 in pre-tax profits was announced by Pegasus Group, the USM-quoted accounting software designer, for the half year to June 30.

The outcome reflected reorganisation within the group, Mr Jonathan Hubbard-Ford, chief executive, said, with the results last time benefiting from a contribution from the forms business, sold for £6.98m in September 1993.

Operating losses amounted to £136,000, compared with £367,000 profits, which included £807,000 from discontinued activities. However, the pre-tax figure was after net interest

receivable of £204,000, up from \$60,000.

Turnover fell to £2.26m, against £5.3m which included £1.79m from discontinued operations. There were "substantial revenues" last time from the release of the Senior Version 8 upgrade, Mr Hubbard-Ford said.

During the half year the company's focus had remained on product development. Plans for modernising and extending the range of products were now finalised, the chief executive added.

Earnings per share slipped to 0.7p (9.4p); the interim dividend is held at 2p.

## New London reduces losses to \$3.25m

New London, the oil industry services company, reported sharply reduced pre-tax losses of \$3.25m (\$2m) for the year to March 31, against \$3.7m.

The result was achieved on turnover halved at \$71.5m (\$135.9m), which included \$46.6m from discontinued activities. Pre-interest losses were \$2.96m (\$20.2m) including \$1.6m from discontinued activities.

Net interest charges fell from \$1.55m to \$293,000. Losses per share were 3.3 cents (23.2 cents).

Mr Paul Kesterton, chair-

man, said the year was affected by the disposal of International Drilling Fluids to Schlumberger which was completed on September 1. The result included a five months' contribution from IDP and was struck after a loss on disposals of \$12.2m offset by a prior year provision of \$12.3m.

The total consideration for IDP was \$11.4m plus the acceptance of \$30m of bank debt. During the period New London also paid \$10m and 12m shares to Electra Private Equity Partners to repay debt and deferred interest.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Balwin	1.8	Oct 31	1.8	-	3.5
Brantite (TFS-H)	2.6	Oct 5	2.25	-	8.75
Flem Claverhouse	1.25	Oct 1	1.25	-	6.5
Mallett	0.75	Oct 14	0.5	-	3
Pegasus S	2	Oct 28	2	-	5

Dividends shown pence per share not except where otherwise stated. TFS increased capital. US\$M stock. Second interim, makes 2.5p to date.

## Bridging the culture gap between west and east

TI Group hopes to gain entry to the Chinese market by forming links in Singapore, reports Andrew Baxter



TACKLING ASIA'S TIGERS

With sales of \$100m and 2,000 employees in its own or associated companies across the Asia Pacific, TI Group is no stranger to the region. But it recognises the advantages of a helping hand to develop its position still further.

In February, it found one in the shape of Sembawang Group, a big Singapore-based industrial conglomerate in which the Singapore government indirectly holds a majority stake. The two companies signed a memorandum of understanding to develop business opportunities together in the region, focusing initially on Singapore and China.

As such, the deal represents yet another recent initiative by a UK engineering company to tackle the booming regional market. But by linking with Sembawang, TI is also participating in the regional thrust which the Singapore government is encouraging among local companies.

TI's businesses have long been active in the region. The John Crane seals business established its first operations there 27 years ago, and its seven-year-old joint venture in Tianjin is China's largest seals manufacturer. Bundy, which makes automotive tubing and systems, has a number of ventures in the region and both the TI companies are well-known names.

The newest addition to the TI fold, Dowty, has the region's only independent service and repair facility capable of handling landing gear from wide-bodied jets. Recently expanded, it is close to Singapore's Changi airport.

TI believes the region offers strong growth opportunities for all three of its core businesses, and in recognition of this has created a new full-time post of executive director Asia Pacific. This role of post has rapidly become a typical feature of UK engineering companies' approach to the region.

The first incumbent, Mr Mark Ellmore, took up the post in May, to pursue the Sembawang initiative and ensure group resources are allocated to other strategic opportunities in the region.

At first glance, the TI-Sembawang group would seem to bring together two very odd bedfellows - a tightly-focused UK specialist engineer and a huge industrial conglomerate with interests ranging from shipbuilding to warehousing.

But there are striking similarities in the energetic qualities of the deal's two architects - Sir Christopher Lewinton, TI's chairman, and Mr Philip Yeo, who is chairman both of Singapore's influential Economic Development Board and Sembawang Group. Successful meetings between the two men in London and Singapore clinched the deal.

Now the deal is completed, it is up to top executives in the region to make it work. One of them is Mr John Wilson, president of Singapore-based John Crane Asia Pacific.

"We have knowledgeable people here, and all three divisions have exposure to China," he says. "But the link-up with Sembawang gives us extra knowledge and a different approach to the market."

"We are able to draw on a pool of Chinese speakers. And Sembawang are able to take an objective view of our businesses, because they are not experts in them. We bring that expertise."

Singaporeans are very acceptable in all parts of China, he says, not only because they speak Mandarin, but because Singapore is seen as a success achieved by ethnic Chinese people.

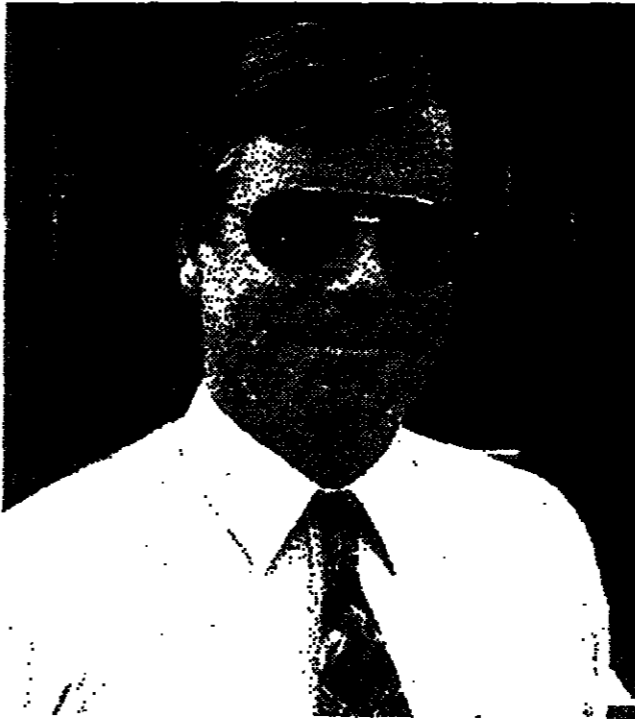
On top of that, the Chinese business culture is very different from that of Taiwan, Hong Kong or Singapore, he says. *Guangxi* - the Chinese for relationships, contacts, networking - was important throughout the business world but probably more important in China than any other aspect of doing business, and establishing such relationships was easier between Chinese.

Mr Chun Loong Lai, president of Sembawang Industrial, agrees that knowing the culture and the language helps bridge the gap between west and east. "We have proven that we can convert western technology and management systems into the regional environment, and are able to guide the western company and the receiving party for the technology in the region," he says.

The close working relationship between TI and Sembawang is functioning well, and in its early days is focusing very much on China, as discussions on activity in Singapore are still in an embryonic stage, says Mr Wilson.

None of the projects can be identified yet, but the collaboration with Sembawang is aimed at allowing John Crane to expand its operations in China into other industrialised provinces beyond the Tianjin region, while Bundy wants to enter the Chinese automotive market in conjunction with Sembawang.

Executives from Bundy and Dowty have visited China together with Sembawang officials, and Mr Wilson envisages more manufacturing of



John Wilson: all three divisions have exposure to China

mechanical seals in China, and of automotive tubing systems by Bundy - which needs to manufacture close to its customers so that it can deliver its brake and fuel line systems on a "just-in-time" basis.

In Bundy, says Mr Lai, "TI has one of the top names in tubing, and the automotive industry in China is growing. It makes sense to examine the business, bring the parties together, and participate with them in going into China."

Both sides stress that the agreement does not limit them to China and Singapore, and Dowty could become part of the deal at some time in the future, says Mr Wilson.

But neither TI nor Sembawang has unlimited resources,

and a focused approach to a manageable number of projects, rather than a large number of shallow collaborations on a broad front, is important and necessary, he says.

"We've picked a handful of projects where we believe we can be winners, he says. Once we've got a couple of successes under our belts, who knows where it will go?"

Mr Lai suggests one result of the collaboration could be a TI design centre in Singapore, which would attract Singapore tax incentives.

Mr Wilson believes both John Crane and Bundy are ahead of their competitors in exploiting the Chinese market.

"There are no other international mechanical seal compa-

nies with substantial joint ventures in China," he says. "It was a somewhat enlightened view in 1987 by TI to go into the venture, which had taken four years to negotiate."

Bundy's competitors in China are mainly Japanese companies, which are "filling around," says Mr Wilson. But in a customer-led business Bundy has a strategic advantage as most of the foreign car manufacturers in China are European or US, which know Bundy well. With Sembawang, Bundy has visited Volkswagen, Citroen and Peugeot plants in China, says Mr Lai, and more visits were planned.

Even with this strong position, the deal with Sembawang would enable TI to move its plans forward faster and more effectively, particularly in China, says Mr Wilson.

In any case, though, he believes both TI divisions can achieve growth in the region significantly ahead of average GNP growth of 7 per cent. "A number of developing markets are moving from lower to higher technology, which is good for our products," he says.

In seals, environmental issues and the need for greater efficiency and consistency in process industries makes mechanical seals increasingly preferable to the cheaper packings, while Bundy has not only the lure of serving the region's automotive industries but, subsequently, the prospects of supplying tubing to the region's refrigerator industry.

Economic growth suggests this will grow rapidly - after a TV, a refrigerator is the next thing that gets bought by households as living standards rise, says Mr Wilson.

Previous articles in this series appeared on August 13, 17 and 23.

هكذا قال الامير

# US investment fund may take stake in Vox

## Role in KPN flotation helps lift ABN Amro

Commission income rose by an even stronger 14.7 per cent to Fl1.95bn. Of this amount,

## Viag's 35% rise in first half meets expectations

reported last year, the company warned.

## American Barrick's golden opportunity

omy caused by a recent rise in interest rates. The caution echoed a similar

utive, Mr Peter Allen, and stepping up its expansion plans. Barrick is likely to continue the house-cleaning. It noted in his cottage on Stoney Lake north-east of Toronto, to resume his interrupted summer holiday.

## Föreningsbanken reduces losses

The caution echoed a similar

## Uni Storebrand tumbles to NKr36m at halfway

Uni Storebrand almost collapsed in 1992 after a disastrous raid on Skandia, the

Premiums were 7 per cent

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## COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS  
New York  
buying lifts  
coffee

A strong opening at New York's Coffee, Cocoa and Sugar Exchange helped to lift the London coffee futures market out of its pre-holiday lethargy yesterday.

The November delivery position at the London Commodity Exchange leapt more than \$130 in the afternoon as the transatlantic rise was fuelled by roaster buying. At the close it stood at \$3,710 a tonne, up \$157 on the day and \$384 on the week. In late trading the New York December position was up 13.45 cents on the day at \$2.11 a pound.

A strong rally that added \$257 to the LCE November price on Monday and Tuesday had petered out in mid-week as trading was matched by technical selling and some trade liquidation. But concern over the dry weather persisting in Brazilian growing regions prevented the sellers from getting the upper hand.

Selling was also discouraged by the publication on Thursday of German statistics agency F.O. Licht's latest assessment of the Brazilian crop situation. It cut its estimate of the 1995-96 crop, flowering for which was damaged by severe frosts in June and July, by 8.5m bags (50kg each) at 18m.

New York traders attributed yesterday's dramatic rise to heavy investment fund and speculative buying as stop-loss buying orders were triggered by the December position's move above the 199.5-cent mark.

"There is clearly technical money coming into the market," one told the Reuters news agency. But he cited fundamental justification for the rise. "Why were we able to get to the stops?" he asked. "Because there is increasing concern that the coffee trees in Brazil need rain now, not a month from now."

Another trader told Reuters that there appeared to be some short-covering in the market and suggested that more stop-loss buying might be triggered above 210 cents.

Coffee's sudden break-out helped cocoa prices to end a lacklustre week on a more confident note. "There appears to be some sympathetic buying from coffee," one New York trader said as the CSCI December position rose \$21 to \$1,432 a tonne in late trading yesterday.

News that the main crop in Bahia, Brazil's main cocoa-producing state had been helped by favourable weather during the flowering period but was likely to suffer losses from Wilth's Broom disease was largely discounted, he added.

The LCE's November futures position gained \$25 yesterday at \$1,059 a tonne, but that was still \$15 down on the week.

At the London Metal Exchange most base metals contracts yesterday surrendered some of the gains they had registered earlier in the week as traders squared their books ahead of the long weekend.

The exception was copper, which closed at \$2,427.50 a

tonne, up \$13.50 on the day and \$20 on the week, for three months delivery and then moved on to \$2,445 in after hours trading.

As with coffee, the buying began in New York and in the conditions. It was later fed by speculative buying, Chinese interest, short-covering and stop-loss orders.

"There's no news," one London dealer told Reuters. "It looks like the aim of the initial push was to flush out the shorts and hit stops... The market is also anticipating [a rise in] fourth quarter demand."

Richard Mooney

## BASE METALS

LONDON METAL EXCHANGE  
(Prices from Amsterdam Metal Trading)

## ALUMINIUM, 99.99% (5 per tonne)

	Close	Open	High	Low	Settle
Previous	1485-5	1515-5			
High/Low	1485-7	1517/1502			
AM Official	1475-5-0	1505-5-0			
Karb close	1470-5-0	1513-4			
Open Int.	279,370				
Total daily turnover	40,301				

## ALUMINIUM ALLOY (5 per tonne)

	Close	Open	High	Low	Settle
Previous	1550-5	1550-5			
High/Low	1545-5	1550-7			
AM Official	1550-5-0	1550-7-0			
Karb close	1550-5-0	1550-7-0			
Open Int.	2,884				
Total daily turnover	753				

## LEAD (5 per tonne)

	Close	Open	High	Low	Settle
Previous	575-5	592-3			
High/Low	575-5-0	592-3-4			
AM Official	575-5-0	592-3-4			
Karb close	575-5-0	592-3-4			
Open Int.	40,735				
Total daily turnover	9,097				

## NICKEL (5 per tonne)

	Close	Open	High	Low	Settle
Previous	5905-15	5990-5			
High/Low	5905-15	5990-5-0			
AM Official	5905-15	5990-5-0			
Karb close	5905-15	5990-5-0			
Open Int.	55,284				
Total daily turnover	14,294				

## TIN (5 per tonne)

	Close	Open	High	Low	Settle
Previous	5280-90	5350-0			
High/Low	5280-90	5350-0-0			
AM Official	5280-90	5350-0-0			
Karb close	5280-90	5350-0-0			
Open Int.	17,143				
Total daily turnover	4,063				

## ZINC, special high grade (5 per tonne)

	Close	Open	High	Low	Settle
Previous	953-4	955-0			
High/Low	953-4	955-0-0			
AM Official	953-4	955-0-0			
Karb close	953-4	955-0-0			
Open Int.	98,578				
Total daily turnover	36,655				

## COPPER, grade A (5 per tonne)

	Close	Open	High	Low	Settle
Previous	2417-0	2427-8			
High/Low	2417-0	2427-8-0			
AM Official	2417-0	2427-8-0			
Karb close	2417-0	2427-8-0			
Open Int.	212,602				
Total daily turnover	41,244				

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## PRECIOUS METALS CONTINUED

## GOLD COMEX (100 Troy oz)

	Settle	Open	High	Low	Settle
Aug	383.3	383.3	383.3	383.3	383.3
Jan	383.3	383.3	383.3	383.3	383.3
Mar	383.3	383.3	383.3	383.3	383.3
May	383.3	383.3	383.3	383.3	383.3
Jul	383.3	383.3	383.3	383.3	383.3
Sep	383.3	383.3	383.3	383.3	383.3
Nov	383.3	383.3	383.3	383.3	383.3
Dec	383.3	383.3	383.3	383.3	383.3
Total	383.3	383.3	383.3	383.3	383.3

## PLATINUM NYMEX (50 Troy oz)

	Settle	Open	High	Low	Settle
Aug	413.0	413.0	413.0	413.0	413.0
Jan	413.0	413.0	413.0	413.0	413.0
Mar	413.0	413.0	413.0	413.0	413.0
May	413.0	413.0	413.0	413.0	413.0
Jul	413.0	413.0	413.0	413.0	413.0
Sep	413.0	413.0	413.0	413.0	413.0
Nov	413.0	413.0	413.0	413.0	413.0
Dec	413.0	413.0	413.0	413.0	413.0
Total	413.0	413.0	413.0	413.0	413.0

## PALLADIUM NYMEX (100 Troy oz)

	Settle	Open	High	Low	Settle
Aug	151.0	151.0	151.0	151.0	151.0
Jan	151.0	151.0	151.0	151.0	151.0
Mar	151.0	151.0	151.0	151.0	151.0
May	151.0	151.0	151.0	151.0	151.0
Jul	151.0	151.0	151.0	151.0	151.0
Sep	151.0	151.0	151.0	151.0	151.0
Nov	151.0	151.0	151.0	151.0	151.0
Dec	151.0	151.0	151.0	151.0	151.0
Total	151.0	151.0	151.0	151.0	151.0

## SILVER COMEX (100 Troy oz)

	Settle	Open	High	Low	Settle
Aug	520.4	520.4	520.4	520.4	520.4
Jan	520.4	520.4	520.4	520.4	520.4
Mar	520.4	520.4	520.4	520.4	520.4
May	520.4	520.4	520.4	520.4	520.4
Jul	520.4	520.4	520.4	520.4	520.4
Sep	520.4	520.4	520.4	520.4	520.4
Nov	520.4	520.4	520.4	520.4	520.4
Dec	520.4	520.4	520.4	520.4	520.4
Total	520.4	520.4	520.4	520.4	520.4

## ENERGY

## CRUDE OIL NYMEX (42,000 US gal)

	Settle	Open	High	Low	Settle
Aug	17.48	17.48	17.48	17.48	17.48
Jan	17.48	17.48	17.48	17.48	17.48
Mar	17.48	17.48	17.48	17.48	17.48
May	17.48	17.48	17.48	17.48	17.48
Jul	17.48	17.48	17.48	17.48	17.48
Sep	17.48	17.48	17.48	17.48	17.48
Nov	17.48	17.48	17.48	17.48	17.48
Dec	17.48	17.48	17.48	17.48	17.48
Total	17.48	17.48	17.48	17.48	17.48

## CRUDE OIL ICE (50,000 US gal)

	Settle	Open	High	Low	Settle
Aug	18.37	18.37	18.37	18.37	18.37
Jan	18.37	18.37	18.37	18.37	18.37
Mar	18.37	18.37	18.37	18.37	18.37
May	18.37	18.37	18.37	18.37	18.37
Jul	18.37	18.37	18.37	18.37	18.37
Sep	18.37	18.37	18.37	18.37	18.37

## CURRENCIES AND MONEY

## MARKETS REPORT

## Dollar recovers

The dollar rose sharply yesterday on the foreign exchanges after the US second quarter GDP report prompted a recovery in the US bond market, raising the dollar.

Second quarter GDP was revised up by only 0.1 of a percentage point, to 3.8 per cent, and the market took this to mean that tighter US monetary policy was less likely.

The dollar later gained further momentum from rumours that Mr George Soros, the US investor, was selling yen for dollars.

There were also reports of very active buying of dollars by the Singapore government, apparently unrelated to the GDP figures.

The dollar's recovery took the market by surprise, coming against the backdrop of thin trading conditions ahead of a long weekend in the UK. It finished in London at DM1.5615, and was later trading at DM1.5750 in New York, compared to Thursday's London close of DM1.5462.

It also breached the Y100 barrier, to close at Y100.285, up from a low of Y99.05.

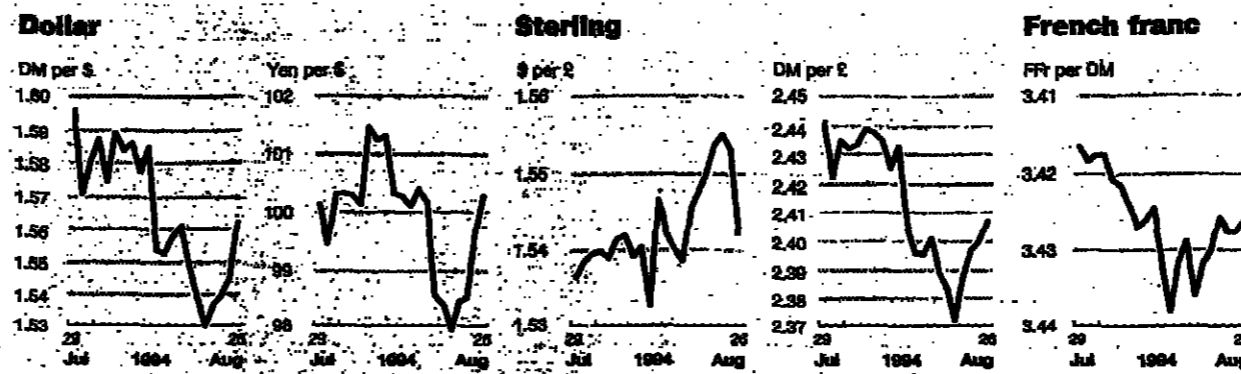
In Europe, the escudo prospered despite a half percentage point cut in the emergency lending rate to 12 per cent, which closed unchanged at Esi02.2.

The sterling index finished unchanged at 78.9, as the pound made up against the D-Mark what it lost against the dollar.

## Pound in New York

Aug 26 Last - Prev. close -  
1 mth 1.5335 1.5350  
3 mth 1.5216 1.5241  
1 yr 1.5108 1.5143

The short sterling market responded calmly to the August Confederation of British Industry survey, despite an increase in the balance of respondents expecting to increase prices. The December contract traded 90.9210 to US close at \$3.38, up from \$3.38.



Mr Brian Durrant, economist at brokers GNI said the market appeared to have "recovered some of its composure. Certainly the market has put up a braver face than it did earlier this month when it was underpinned by interest hikes in Italy and Sweden."

At the weekly Treasury bill tender, the top accepted rate of discount rose to 5.35 per cent from 5.25 per cent last week.

In its daily money market operations, the Bank of England cleared a \$500m shortage at established rates.

Analysts were sceptical about how long the dollar rally would last. Mr Avinash Persaud, currency strategist at JP Morgan in London, commented: "I think the dollar will quickly run up against a brick wall if the bond market is fuel for the dollar, it will run out pretty soon."

He said it was doubtful whether the US bond market could recover much from current levels and this would cap the dollar.

Mr Michael Gallagher, director of IDEA, the financial markets consultancy, said rumours

of Mr Soros turning positive on the dollar had encouraged the market to think that short-term, speculative funds might be buying the dollar again.

Concerted buying by a well-known US hedge fund, and determined intervention by the Bank of Japan are two factors which account for the dollar's solid performance against the yen, despite the potentially destabilising influence of trade talks.

The consensus is swinging increasingly towards the view

that some sort of US-Japan trade deal will be sorted out by the end of September.

But dollar sceptics argue that this will still leave unbalanced the trade balance between the two countries. Recent data suggest it is still growing in Japan's favour.

## POUND SPOT FORWARD AGAINST THE POUND

Aug 26	Closing mid-point	Change on day	5d/offer spread	Day's bid/offer	One month	Three months	One year	Bank of England
Europe								
Austria (Sch)	13.6990	+0.0003	324 - 325	13.6936/13.7011	13.6947	0.3	13.6922	0.4
Belgium (Bfr)	40.8200	+0.0001	324 - 325	40.8173/40.8225	40.8173	0.1	40.8173	0.1
Denmark (Dkr)	9.3537	+0.0001	324 - 325	9.3537/9.3537	9.3537	0.1	9.3537	0.1
France (Ffr)	7.4362	+0.0001	324 - 325	7.4362/7.4362	7.4362	0.1	7.4362	0.1
Germany (M)	8.2595	+0.0001	324 - 325	8.2595/8.2595	8.2595	0.1	8.2595	0.1
Greece (Dr)	2.4076	+0.0001	324 - 325	2.4076/2.4076	2.4076	0.1	2.4076	0.1
Italy (L)	365.597	+0.0001	324 - 325	365.597/365.597	365.597	0.1	365.597	0.1
Japan (Y)	101.47	+0.0001	324 - 325	101.47/101.47	101.47	0.1	101.47	0.1
Netherlands (Gld)	2.4076	+0.0001	324 - 325	2.4076/2.4076	2.4076	0.1	2.4076	0.1
Portugal (Esc)	200.48	+0.0001	324 - 325	200.48/200.48	200.48	0.1	200.48	0.1
Spain (Pta)	166.639	+0.0001	324 - 325	166.639/166.639	166.639	0.1	166.639	0.1
Sweden (Skr)	4.66	+0.0001	324 - 325	4.66/4.66	4.66	0.1	4.66	0.1
Switzerland (Sfr)	2.0048	+0.0001	324 - 325	2.0048/2.0048	2.0048	0.1	2.0048	0.1
UK (£)	1.5615	+0.0001	324 - 325	1.5615/1.5615	1.5615	0.1	1.5615	0.1
USA (\$)	1.5615	+0.0001	324 - 325	1.5615/1.5615	1.5615	0.1	1.5615	0.1

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 26	Closing mid-point	Change on day	5d/offer spread	Day's bid/offer	One month	Three months	One year	J.P. Morgan
Europe								
Austria (Sch)	13.6990	+0.0003	324 - 325	13.6936/13.7011	13.6947	0.3	13.6922	0.4
Belgium (Bfr)	40.8200	+0.0001	324 - 325	40.8173/40.8225	40.8173	0.1	40.8173	0.1
Denmark (Dkr)	9.3537	+0.0001	324 - 325	9.3537/9.3537	9.3537	0.1	9.3537	0.1
France (Ffr)	7.4362	+0.0001	324 - 325	7.4362/7.4362	7.4362	0.1	7.4362	0.1
Germany (M)	8.2595	+0.0001	324 - 325	8.2595/8.2595	8.2595	0.1	8.2595	0.1
Greece (Dr)	2.4076	+0.0001	324 - 325	2.4076/2.4076	2.4076	0.1	2.4076	0.1
Italy (L)	365.597	+0.0001	324 - 325	365.597/365.597	365.597	0.1	365.597	0.1
Japan (Y)	101.47	+0.0001	324 - 325	101.47/101.47	101.47	0.1	101.47	0.1
Netherlands (Gld)	2.4076	+0.0001	324 - 325	2.4076/2.4076	2.4076	0.1	2.4076	0.1
Portugal (Esc)	200.48	+0.0001	324 - 325	200.48/200.48	200.48	0.1	200.48	0.1
Spain (Pta)	166.639	+0.0001	324 - 325	166.639/166.639	166.639	0.1	166.639	0.1
Sweden (Skr)	4.66	+0.0001	324 - 325	4.66/4.66	4.66	0.1	4.66	0.1
Switzerland (Sfr)	2.0048	+0.0001	324 - 325	2.0048/2.0048	2.0048	0.1	2.0048	0.1
UK (£)	1.5615	+0.0001	324 - 325	1.5615/1.5615	1.5615	0.1	1.5615	0.1
USA (\$)	1.5615	+0.0001	324 - 325	1.5615/1.5615	1.5615	0.1	1.5615	0.1

## GROSS RATES AND DERIVATIVES

Aug 26	Rate	Change	Rate	Change	Rate	Change	Rate	Change
Belgium (Bfr)	40.8200	+0.0001	40.8200	+0.0001	40.8200	+0.0001	40.8200	+0.0001
Denmark (Dkr)	9.3537	+0.0001	9.3537	+0.0001	9.3537	+0.0001	9.3537	+0.0001
France (Ffr)	7.4362	+0.0001	7.4362	+0.0001	7.4362	+0.0001	7.4362	+0.0001
Germany (M)	8.2595	+0.0001	8.2595	+0.0001	8.2595	+0.0001	8.2595	+0.0001
Greece (Dr)	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001
Italy (L)	365.597	+0.0001	365.597	+0.0001	365.597	+0.0001	365.597	+0.0001
Japan (Y)	101.47	+0.0001	101.47	+0.0001	101.47	+0.0001	101.47	+0.0001
Netherlands (Gld)	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001
Portugal (Esc)	200.48	+0.0001	200.48	+0.0001	200.48	+0.0001	200.48	+0.0001
Spain (Pta)	166.639	+0.0001	166.639	+0.0001	166.639	+0.0001	166.639	+0.0001
Sweden (Skr)	4.66	+0.0001	4.66	+0.0001	4.66	+0.0001	4.66	+0.0001
Switzerland (Sfr)	2.0048	+0.0001	2.0048	+0.0001	2.0048	+0.0001	2.0048	+0.0001
UK (£)	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001
USA (\$)	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001

## EMS EUROPEAN CURRENCY UNIT RATES

Aug 26	Rate	Change	Rate	Change	Rate	Change	Rate	Change
Belgium (Bfr)	40.8200	+0.0001	40.8200	+0.0001	40.8200	+0.0001	40.8200	+0.0001
Denmark (Dkr)	9.3537	+0.0001	9.3537	+0.0001	9.3537	+0.0001	9.3537	+0.0001
France (Ffr)	7.4362	+0.0001	7.4362	+0.0001	7.4362	+0.0001	7.4362	+0.0001
Germany (M)	8.2595	+0.0001	8.2595	+0.0001	8.2595	+0.0001	8.2595	+0.0001
Greece (Dr)	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001
Italy (L)	365.597	+0.0001	365.597	+0.0001	365.597	+0.0001	365.597	+0.0001
Japan (Y)	101.47	+0.0001	101.47	+0.0001	101.47	+0.0001	101.47	+0.0001
Netherlands (Gld)	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001	2.4076	+0.0001
Portugal (Esc)	200.48	+0.0001	200.48	+0.0001	200.48	+0.0001	200.48	+0.0001
Spain (Pta)	166.639	+0.0001	166.639	+0.0001	166.639	+0.0001	166.639	+0.0001
Sweden (Skr)	4.66	+0.0001	4.66	+0.0001	4.66	+0.0001	4.66	+0.0001
Switzerland (Sfr)	2.0048	+0.0001	2.0048	+0.0001	2.0048	+0.0001	2.0048	+0.0001
UK (£)	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001
USA (\$)	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001	1.5615	+0.0001

## D-MARK FUTURES (DM 125,000 per DM)

Aug 26	Open	High	Low	Settle	Open Int.
Sep	0.5479	0.5482	0.5476	0.5482	26,200
Oct	0.5479	0.5482	0.5476	0.5482	4,957
Nov	0.5479	0.5482	0.5476	0.5482	21

## JAPANESE FUTURES (¥12.5 per ¥100)

Aug 26	Open	High	Low	Settle	Open Int.
Sep	1.0052	1.0057	1.0047	1.0057	26,200
Oct	1.0052	1.0057	1.0047	1.0057	4,957
Nov	1.0052	1.0057	1.0047	1.0057	21

## WORLD INTEREST RATES

Aug 26	Overnight	One month	Three months	Six months	One year	Two years	Three years	Five years	Seven years	Ten years
Belgium	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Denmark	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
France	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Germany	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Greece	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Italy	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Japan	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Netherlands	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Portugal	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Spain	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Sweden	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Switzerland	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
UK	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
USA	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Japan	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
South Korea	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Taiwan	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Thailand	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%

## THREE MONTH EURO CURRENCY FUTURES (LFF) DM100 points of 100%

Aug 26	Open	High	Low	Settle	Open Int.
Sep	95.01	95.03	95.01	95.03	10,001
Oct	95.01	95.03	95.01	95.03	1,001
Nov	95.01	95.03	95.01	95.03	1,001

## EURO CURRENCY INTEREST RATES

Aug 26	Overnight	One month	Three months	Six months	One year	Two years	Three years	Five years	Seven years	Ten years
Belgium	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Denmark	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
France	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Germany	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Greece	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Italy	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Japan	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Netherlands	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Portugal	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Spain	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Sweden	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Switzerland	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
UK	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
USA	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Japan	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
South Korea	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Taiwan	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Thailand	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%

## THREE MONTH EURO CURRENCY FUTURES (LFF) SF100 points of 100%

Aug 26	Open	High	Low	Settle	Open Int.
Sep	95.01	95.03	95.01	95.03	10,001
Oct	95.01	95.03	95.01	95.03	1,00





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Fund Name	Old Price	New Price	% Chg.
<b>Prudential Individual Life Funds - Cont.</b>			
<b>Serious Life Funds</b>			
Managed	905.3	942.7	+4.1
Equity	1541.7	1520.8	-1.4
Bond	232.4	237.2	+2.1
Fixed Int.	232.4	237.2	+2.1
Property	403.5	400.1	-0.8
International	341.8	361.9	+5.9
Foreign Bond	338.1	341.4	+1.0
North American	371.5	373.2	+0.5
Healthcare	172.9	165.4	-4.3
Medium Balanced Growth	152.8	165.4	+8.2
Personal Savings Growth	152.8	175.8	+15.0
Qualitative Bond	191.4	191.4	0.0
<b>Prudential Individual Pension Funds</b>			
55 King's Road, Rm 200	921.344	973.4	+5.6
Interfund	888.4	905.3	+1.9

110	Mobile Equity	110	110
110	Fixed Interest	110	110
110	Property	110	110
110	Other	110	110

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Equity	128.5	128.5	+1.50
Property	124.6	121.2	+0.70
International	149.3	157.2	+0.60
Japanese	136.7	142.9	-1.00
Asia Pacific	185.6	185.4	+1.20
European	135.1	142.5	+1.40
Small	115.2	115.2	0.00

[illegible]



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## WORLD STOCK MARKETS

## AMERICA

## Dow surges on economic growth data

## Wall Street

After pausing for a day, US stocks surged again yesterday morning, as favourable economic news propelled bonds and the dollar sharply higher, writes Frank McGurk in New York.

By 1 pm, the Dow Jones Industrial Average was 59.57 ahead at 3,898.46, led by cyclical stocks emerging from a long summer slumber. However, the rally was broad-based, as reflected in a gain of 6.09 in the Standard & Poor's 500 to 474.17.

Advancing issues outnumbered declines on the Big Board by a seven-to-three margin. Trading was brisk, with 184m shares exchanged by early afternoon.

In the secondary markets,

the American SE composite was 2.07 higher at 449.19, while the Nasdaq composite was up 9.23 at 764.03.

Stocks opened solidly higher thanks to a welcome piece of news from the Commerce Department, which revised its estimate of second-quarter economic growth to 3.3 per cent, from a preliminary reading of 3.7 per cent. With analysts expecting a much stronger figure, Treasury prices jumped ahead and the dollar vaulted over the Y100 mark.

Amid all the excitement, a big rise in the University of Michigan's August index of consumer confidence, was virtually ignored by the inflation-sensitive bond market.

By mid-morning, the bellwether blue-chip index had extended its gain to more than 50 points, triggering the

NYSE's restrictions on computer-guided trading. Still, the "collar" failed to force share prices into retreat.

The same stocks which led Wednesday's 70-point surge were at the forefront yesterday. Deere, the farm equipment manufacturer, gained 3% to \$73.45 while Caterpillar was 2% higher at \$114.4.

International Paper climbed 1% to \$74.4, Alcoa 1% to \$51.4 and General Motors 1% to \$51.4.

But consumer non-durable issues were not to be excluded from the rally. Procter & Gamble forged 1% ahead to \$69.4 while Philip Morris added 1% to \$59.4. In retailing, JC Penney gained 1% to \$31.4 on comments by money managers that the stock was undervalued.

Among the 30 Dow Industrials, only 3M - off 1% at \$66.4 - was showing a loss by early afternoon.

The improved outlook for semiconductor stocks benefited the entire technology sector. Motorola gained 1% to \$56.4, Micron was up 1% at \$44.4 and Texas Instruments put on 1% to \$52.4.

On the Nasdaq, Sun Microsystems advanced 2% to 27% and Microsoft added 1% to \$57.4.

Biotechnology issues appreciated amid further takeover speculation. Chiron jumped 3% to \$68.4 after adopting a shareholder rights plan designed to deter an unfriendly suit.

**Canada**

Toronto added to early gains at midday with a rallying Canadian dollar underpinning the performance.

The TSE 300 composite index jumped 30.55 to 4,287.55 in volume of 27.4m shares.

The forest products group rose 10.18 or 2.3 per cent to 4,480.03 on higher pulp and newsprint prices and general optimism buoying cyclical shares.

**Brazil**

Sao Paulo dropped 1.7 per cent in moderate midday trading as investors cashed in profits after Thursday's sharp rally.

The Bovespa index declined 881 to \$2,562. Analysts said the market remained ripe for profit-taking after advancing by 25.3 per cent in local currency terms this month while the market was also closely watching the forthcoming salary renegotiation period in September.

## Istanbul tries to make up ground lost by lira

John Murray-Brown on the return of confidence to the Turkish market in the wake of currency jitters

After running out of steam in the first quarter, in the wake of the currency jitters in January, Turkey's stock exchange shows signs of gaining a second wind.

It is probably too early to claim the worst is past, but there is evidence of confidence returning.

This week, in the latest indication of the market's grip on the helm, the authorities moved decisively to stem a possible run on the currency, while the index held steady, after making good gains in local currency terms in recent months.

The Istanbul composite index is up by more than 50 per cent in local currency terms since early June. It closed yesterday 609, or 2.3 per cent, higher at 28,251, compared with 16,507 on June 6.

However, with the lira losing close to 50 per cent against the dollar since the start of the year, the picture is different for foreign investors. A week ago, the ITC's Turkey index showed a fall in dollar terms of nearly 38 per cent this year.

The decline was 63.3 per cent early in June and there is a general expectation that share prices in dollar terms will end the current year lower than in 1993.

Nevertheless, the recent trend is up, and the exchange received a further impetus yesterday, this time of a technological nature, as Turk Radyo ve Televizyon TRT, the state-run television company inaugurated its teletext market coverage.

The innovation will give a big boost to the market and particularly to retail investors who, in the absence of big Turkish institutions, still account for the largest part of demand.

Coupled with planned moves to bring all share transactions to a screen based system by mid-October, some brokers believe Istanbul is due for a further rally.

The market is certainly due for a change of fortune. With the first signs of the collapse of the currency in January,

domestic demand dried up. The market has since suffered from competition from high interest rates as the government sought to finance the budget by domestic borrowing.

After Turkey's credit rating had been downgraded repeatedly, the decision to turn to the International Monetary Fund was unavoidable.

Today some of the elements in the stabilisation package are falling into place. Official point to the drop in annual inflation, which slowed from 115 per cent in June to 109 per cent last month.

As a result, companies say they are better able to plan production schedules. The monetary environment certainly looks more robust. Even after the hiccup this week, the lira has stabilised at around the TL32,000 to the dollar level, compared with more than TL42,000 in late April following the announcement of a major stabilisation package.

Interest rates on government paper have eased to around 100 per cent a year, compared with rates of 400 per cent on the so-called "super bond" issues in June.

At a 1/2 ratio of close to 11 on 1994 earnings, Kaya Dikman of Baring Securities in London says that the market is among the cheapest in the world.

There are still some voices of caution. "In investing, when you see everyone running to the same side of the boat at once, there has to be some concern," says the head of research at one of Istanbul's largest brokers.

Economists expect the true picture will only be apparent after the Fund's first review of progress on implementation of the standby agreement, expected in the second week in November.

In recent weeks, the index has been pushed higher following some surprisingly good half year corporate results. In food and beverage sectors, companies such as Tat conserves, fruit pressing operator and the beer concerns, have outperformed the market.

However the biggest surprises were in sectors like paper where both Kav Orman, a match maker, and the cardboard manufacturer Tiro Kutan showed healthy first half earnings, apparently taking advantage of stock build up before the crisis.

Liquidity has traditionally been one of the market's major constraints. However, brokers anticipate that turnover will increase with moves to introduce on-screen trading.

In the first tranche of 50 stocks - chosen as the least traded companies - volumes increased fourfold. A similar expansion of liquidity is expected in early October when the entire 162 traded stocks are incorporated into Etil, Istanbul's electronic Etil system.

The broadcasting initiative, for the first time, will bring the market to Turkey's rural areas where officials say there is considerable untapped demand. Moreover, if teletext is also available on TRT's international transmissions, Turks in Germany and other European countries - who already provide some US\$4m to bolster the country's balance of payments - may be persuaded to get the trading bug.

## Turkey

## Istanbul Composite Index (1000)



Source: FT Graphite

## EUROPE

## Bourses spurred by revision of US GDP

European bourses picked up strongly after news that the upward revision in second quarter US GDP to 3.8 per cent, compared with an expected 4.2 per cent, took the pressure off the Fed for a further move to tighter monetary policy.

FRANKFURT staged a strong post-bourse rally, after an uncertain official session. The Dax index picked up from a low of 2,140.34 to finish 9.33 higher at 2,151.54 for a 0.6 per cent rise on the week, before pushing through resistance to an all-time high of 2,182.22.

Volkswagen, in the doldrums earlier in the week after its chairman forecast lower German car orders in the second half of the year, rebounded to close DM10.50 higher at DM490.50 and DM493 in the post-bourse.

Deutsche Bank also put in a strong performance, rising DM13.50 to DM726.

Shares in Viag showed little reaction to news of a rise in first-half earnings, falling DM2.20 to DM492.50.

Hoechst profited from news the group planned to cut more than 1,000 jobs at three plants near Frankfurt by the end of next year, rising DM5.10 on the day to DM353.50 in the post-bourse, and compared with its floor close of DM354.80.

## FT-SE Actuaries Share Indices

	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21
FT-SE 100	1363.83	1363.83	1363.83	1363.83	1363.83	1363.83
FT-SE 250	1026.12	1026.12	1026.12	1026.12	1026.12	1026.12

FT-SE 100: 1363.83, 1363.83, 1363.83, 1363.83, 1363.83, 1363.83  
FT-SE 250: 1026.12, 1026.12, 1026.12, 1026.12, 1026.12, 1026.12

FT-SE 100: 1363.83, 1363.83, 1363.83, 1363.83, 1363.83, 1363.83  
FT-SE 250: 1026.12, 1026.12, 1026.12, 1026.12, 1026.12, 1026.12

PARIS took its cue from the US GDP figures and after a lacklustre performance put on a sprint at the end of the day. The CAC 40 index advanced 36.22 or 1.5 per cent to 2,062.75, for a rise on the week of 3 per cent.

Euro Disney caused some excitement when it was suspended for 15 minutes after it shares fell by more than 10 per cent to below FF9.30. The stock closed down FF9.80 at FF9.50.

The decline was prompted by a Paribas sell note and reports that the bank's leisure analyst had valued the share at FF9.160.

Accor jumped FF11 to FF69.91 after it said that it had handed in a new bid for part of Air France's stake in the Meridien hotels group. Its rival is Forte of the UK.

Danone, unchanged at FF846, said after the close that its first half net income slipped to FF1.68bn from FF1.82bn but added it was confident it could reach target profit growth in the full year 1994.

AMSTERDAM was spurred by the US news in later trading with the AEX index ending up 3.10 ahead at 420.83, an increase of 2 per cent on the week.

Earlier in the day the market had retreated as some investors took profits, hitting a low of 416.11. The US figures, however, acted as a pick-me-up lifting shares which for much of the week had benefited from some solid company results.

Following the trend, ABN Amro reported strong first-half net profits which took the share to F1.050 higher to F1.820.

Aegon, the Dutch insurer, which unveiled a sharp profit increase and bullish forecast, saw its shares rise F1.230 to F1.104.60.

ZURICH put on 1.2 per cent although trading was largely confined to professionals. The SMI index rose 30.2 to 2,551.3 for a 1 per cent rise on the week.

The rising dollar added to positive market sentiment. Roche certificates, SFR95 higher at SFR5,845, led the active list. Nestlé rose SFR27 to SFR1,229 and UBS added SFR17 to SFR1,128.

Zurich Insurance, under pressure earlier this week, rose strongly with the bearers up SFR20 to SFR1,249 and registered shares SFR28 higher at SFR1,267.

Bearers in SME, the watchmaker, fell SFR37 to SFR718 amid news that Swiss exports of plastic watches had fallen in the first six months of this year.

Swissair rose SFR26 to a new high for the year of SFR688 in response to Thursday's news that the airline's load factor had reached a record high.

MILAN drifted higher amid growing optimism that the government would unite behind a deficit cutting budget and present it ahead of schedule. The Comit index rose 0.88 to 685.60, for a 3.7 per cent rise on the week.

The KLSE composite index fell 24.30 or 2.1 per cent to close at 1,111.78, a rise of 2.6 per cent on the week.

Analysts said the fall had been expected because there had been no solid reason why the market had risen so high.

SRU closed broadly higher in moderate trading but many blue chips fell on profit-taking. The composite index closed 52.97 higher at 581.38.

TAIPEI lifted by last minute buying, which took the weighted index 23.09 ahead to 6,881.10, for a rise of 1.7 per cent on the week. Turnover, however, slumped to T\$38.42bn from Thursday's T\$40bn.

The building material sector gained 3.5 per cent with Siam Cement jumping Bt84 to Bt120.

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## CHEMICALS

**ELECTRONIC & ELECTRICAL EOPT - Cont**

## EXTRACTIVE INDUSTRIES

### HEALTH CARE - Cont.

**INVESTMENT TRUSTS - Contd**

مكتبة ابن الاصل



## Economics minister moots price controls

# Russia seeks more time to repay its £51bn debt

By John Thornhill in Moscow

The Russian government is trying to find a radical loan solution to its \$30bn (£51.6bn) foreign debt burden as its budget is stretched to the limit, Mr Alexander Shokhin, Russia's economics minister, said yesterday.

In a wide-ranging statement on economic policy, Mr Shokhin hinted Russia would seek a more generous time-scale for debt repayments, and raised the possibility of reintroducing price controls covering such areas as electricity, gas and transport. However, he insisted this should not be seen as a return to central planning.

Mr Shokhin, who as head of the debt negotiation team has repeatedly confirmed Russia's intention of meeting its obligations, said the problem was not the size of future repayments but the short period in which they were compressed.

Despite a rescheduling earlier this year, Russia faces repay-

ments of more than \$20bn next year.

His comments confirm the mounting pressure on government finances as companies struggle to pay taxes because of a massive accumulation of inter-enterprise debts. The problem is so acute that the government has failed to pay thousands of state employees, prompting unrest across the country.

In Vladivostok yesterday, hundreds of women and children picketed the headquarters of the Pacific fleet. Some claimed their families had received no pay since April.

Mr Shokhin forecast that seasonal factors might push up inflation this autumn to 10 per cent a month from the average of 4-5 per cent a month that has recently been achieved. But economic plans being drawn up for next year envisaged a budget deficit of 5 per cent and a monthly inflation rate of 3 per cent by the year-end, he said.

He also cautioned against the

government running up potentially huge debts through guaranteeing the promissory notes which are seen as a means of alleviating Russia's inter-enterprise debt crisis. The reintroduction of some price controls, he suggested, could alleviate the problem, which has risen to the top of the political agenda.

The government is drawing up a package of six presidential decrees to generate more domestic private investment. Mr Shokhin estimated Russia has \$30,000bn (£9bn) of private savings.

Mr Oleg Davydov, minister for foreign economic relations, suggested Russia should seek partial debt forgiveness from foreign creditors, but was publicly rebuffed by Mr Shokhin.

Russian officials say former Soviet Union clients, which collectively owe Russia \$147bn, are paying only \$2bn a year compared with their annual obligations of \$6bn-\$7bn. This is worsening the country's debt crisis.

## Shortage of PVC to raise cost of building products

By Andrew Taylor and Daniel Green

Makers of building products are facing shortages and steep price rises in one of their main raw materials, polyvinyl chloride (PVC).

In the UK, manufacturers of plastic pipes, cabling and other products are poised to raise prices for the second time this year following an increase of more than a third in world PVC prices.

Heavy demand, especially from construction work in east Asia, and technical problems at petrochemical plants in the US and Italy have meant that PVC producers have struggled to supply customers.

Mr David Trappell, chief executive of Marley, the UK building products group, said his company had already increased prices of plastic products by 5 per cent and planned a further rise of up to 9 per cent next month. PVC accounted for about half of raw material costs.

Mr Terry Reddick, manufacturing director of Hepworth Building Products, makers of plastic pipes, which has announced similar price increases, said: "There are shortages. Supplies are difficult to get but not impossible."

Construction is the biggest market for PVC, taking 57 per cent of European capacity. The second biggest market is packaging with 15 per cent, according to specialist chemicals consultancy Chem Systems.

Price rises have been led by north America and east Asia. US demand rose 8 per cent in the first quarter compared with the same period last year. Prices rose from about \$820 (£400) a tonne to \$900 a tonne between January and June this year.

South Korean demand increased 15 per cent in the 12 months to March and prices rose from \$640 a tonne in January to \$860 in June. European spot prices in the past year have risen from \$400 a tonne to \$600, said Hepworth.

The increased demand has been followed to a lesser extent in Europe where German house-building and renovation have risen sharply and where a slow recovery is under way in the UK housing market. European plants are operating close to capacity.

There have also been technical problems with plants making ethylene, one of the main raw materials for PVC. Two plants in the US and one in Italy have been hit by production problems, and capacity overall has been cut by closures such as the one at BP's plant at Baglan Bay in South Wales earlier this year.

The price rise increases the chances of a flotation of EVC, ICI's joint venture with Italy's Enichem and Europe's largest producer of PVC.

## THE LEX COLUMN

# Summer holiday mood

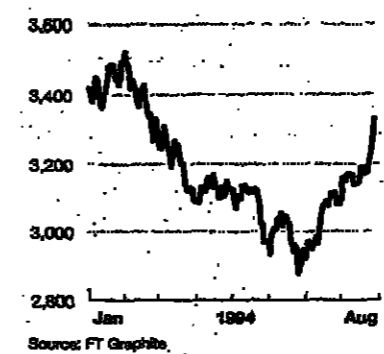
Equities have had an excellent summer. The FTSE-100 index has recovered almost 400 points from the trough in June. Lower than hoped for inflation, better than expected growth and the stabilisation of world bond markets have all played their part. This week's rally has been spurred on by data suggesting that the Federal Reserve's interest rate rises are having the desired effect of preventing US inflation.

Those worried about UK inflation can find some backing in this week's CBI survey, which showed a slight increase in the proportion of companies expecting to raise prices. But inflationary signs are weak and the betting remains that base rates will not go up until late in the year. The challenge will be to manage the rise in such a way that consumer demand is damped, but industrialists still have the confidence to step up investment.

A further worry for bears is that, while shares have shot ahead, bonds have merely held their own. As a result, the ratio between yields on long gilts and equities has risen from 2.1 to 2.3 since June. It is hard to see the ratio rising much higher, but that does not mean equities must fall. The ratio would also drop if gilts were to rally or dividends were to grow faster than expected. Both are possible. With UK inflation low, gilts should arguably trade on a narrower discount to German and US government bonds. Meanwhile, August's batch of corporate results has boosted dividend expectations and this is sustained when the reporting season gets into full swing next month, there could be a further rise in equities. The danger will be if dividend hopes are dashed.

FT-SE Index: 3265.1 (+30.9)

FT-SE 100 Index



The pull of the wider commodities cycle might explain gold's resilience. It is certainly more difficult for gold to tumble while other metals are racing ahead. Economic recovery should mean greater demand for rings and other trinkets. The autumn will be important in this regard, as jewellers prepare for Christmas. Industrial demand might also be expected to pick up in line with the economic cycle.

But the suspicion remains that investors and speculators rather than consumers will determine the final outcome. Another wave of selling by central banks, for example, could tip the balance against gold. Having seen bullion remain so stable during the summer doldrums, though, speculators must be tempted to try driving the price back through \$400. With demand moving in their favour and inflation worries in the wings they may just succeed.

## Gold

Gold is torn between its role as an investment and its position as a commodity. The investment fundamentals are hardly positive. Rising US interest rates have increased the cost of holding non-yielding assets. The resurgence of inflation, which gold bugs predicted would be well established by now, has notably failed to materialise. The weakness of the dollar has made bullion a dismal investment for yen or D-Mark based investors. Meanwhile the hedge funds which fuelled gold's rally to over \$400 an ounce last year appear to have turned sellers. Against this gloomy background it is surprising that bullion has remained so steadfastly around \$380 through the usual summer lull.

## Germany

At first glance it is startling that the German equity market stands lower than at the start of the year. In January the government's 1.5 per cent growth forecast was regarded as optimistic. Growth of at least 2.5 per cent this year is now taken for granted. This brighter outlook is already feeding through into corporate earnings: half-year results this week from the big German chemicals companies showed an impressive recovery. Loss-makers such as Volkswagen and Luftansa have moved back into the black ahead of time. The mix of modest growth and restructuring is having a powerful effect.

While the earnings recovery has

come sooner than expected, though, forecasts of the next profits peak in 1996 or 1997 have not been changed. The practice of valuing shares in this manner is especially strong in Germany - thanks to the predominance of highly cyclical capital goods companies. On a multiple of around 12 times 1997 forecast earnings it is difficult to argue that German equities are cheap. The best that can be said is that forecasts which looked extremely doubtful at the start of the year now have a greater degree of certainty.

Despite the good news from the corporate sector, then, the tone will continue to be set by bonds. The equity market's recovery through June and July owed more to falling bond yields than optimism ahead of the results season. Having discounted so much so far in advance, there is little reason for equities to move higher.

## MBOs

The buy-out of BP's nutrition interests for \$500m is the latest evidence that the UK management buy-out market is in good nick. Last year the MBO market was quiet as buy-out specialists found they could not compete with the valuations vendors could achieve by floating subsidiaries on the stock market. But this year MBO business has perked up. Though most deals have been much smaller than BP's, Prudential is working on a \$700m buy-out of National Car Parks. Dairy Crest also looks a likely candidate following the postponement of its flotation.

The fall in equity markets, and more specifically the closing of the new issue pipeline in May, clearly helped MBOs. Buy-outs have found it easier to compete on price with flotations and sometimes have been a vendor's only option. But the recent recovery in equity markets does not mean the MBO business will go back to square one. For a start, after buying several disappointing new issues in the spring, investors will be more choosy when action picks up next month. Moreover, two developments suggest that buy-out specialists will start bidding higher prices. First, several large new buy-out funds have just closed, which should increase the competition to win deals. Second, banks - which are also flush with cash - may be prepared to finance buy-outs with somewhat greater levels of gearing than have been the norm since leveraged deals such as Magnet went sour in the early 1990s.

## Girls' schools graduate up A-level exam league table

By John Authors

Girls' schools have risen sharply in the A-level examination rankings of independent schools published in today's Financial Times. Schools believe that parents' choice of where they send their children is being affected by the A-level league tables, now in their third year of widespread publication.

Girls' boarding schools showed the strongest improvement, with Downe House, near Newbury, Berkshire, rising to eighth place from an average over the previous five years of 56th.

Other impressive performances by boarding schools came from Malvern Girls' College (13th, up from an average of 42nd), Badminton (19th from 76th) and Roedean (27th from 93th).

Girls' day schools also

improved on last year. Five members of the Girls' Public Day School Trust were in the top 50 - South Hampstead, Notting Hill & Ealing, Brighton & Hove, Wimbledon and Oxford High Schools.

**A-level domination.....Page 6**  
**Britain's top independent schools.....Weekend XIV & XV**

The top girls' school, for the second year running, was North London Collegiate, a selective day school in Middlesex.

The results are likely to sustain the recent recovery in demand for single-sex girls' education. Girls' schools had seemed to be under serious threat during the 1980s when many boys' boarding schools, which usually have greater resources, were

going co-educational either completely or just in the sixth form. At the end of last term Felixstowe College, a large girls' boarding school in Suffolk, closed because of declining rolls.

But Mr Declan O'Neill, development officer for Malvern Girls' College, said publication of league tables had encouraged parents to look at his school. In particular, many were concerned that girls would perform better in the sciences in a single-sex school.

In university entrance, boys outnumber girls by six to one on engineering and technology courses and three to one in mathematics. However, Downe House, Malvern and Roedean all reported that maths had been their most popular subject and that girls had moved on to science degrees.

## Healthcare

Continued from Page 1

ground of the eastern political establishment, could only hope for a repeat performance of his holiday last summer. Wined, dined and petted, he came roaring back to secure a tough victory for the North American Free Trade Agreement and a surge in his poll ratings.

This time he is beset by foreign policy problems, with Cuba leading the list, and some of the continuing Whitewater investigation. It may be too much even for the self-styled "Comeback Kid" to manage.

## Lady Archer at bid meeting

Continued from Page 1

board and said it was "impertinent" to ask whether she intended to resign.

She has told Angela that she takes very seriously her fiduciary duty not to disclose confidential information relating to the company.

Her papers are kept in an outbuilding of the family home at Grantchester near Cambridge.

Lady Archer was also present at the board meeting, held at Angela's merchant bank, SG Warburg in the City of London, on January 16, which finally agreed

that the company would be taken over by MAL.

The first board meeting to discuss the MAL approach was on January 5, but at that stage it was unclear whether the takeover would take place.

It emerged yesterday that the Stock Exchange, having been given a copy of the DTI inspectors report, is examining whether Lady Archer fulfilled all her obligations under its Yellow Book of rules governing the behaviour of listed companies.

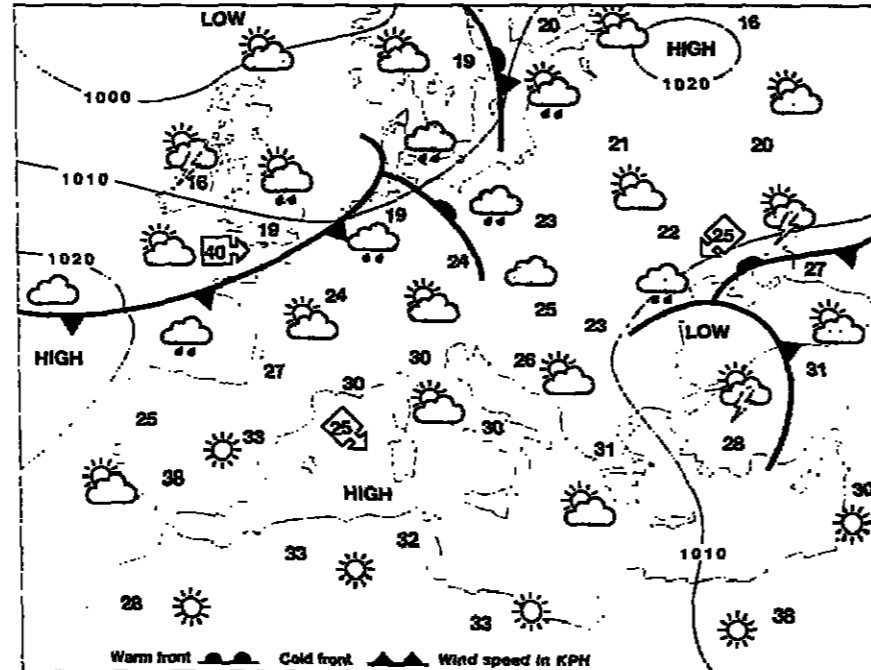
Any serious breach would be publicly censured by the Exchange.

## Europe today

A cold front will slowly move over western Europe producing rain clouds over the Benelux and north-western France. In the wake of this front, the UK will experience cool weather with thundery showers in the north. Germany and France will be cloudy. Low pressure over Turkey will draw very warm and humid air north towards south-eastern Europe. Clouds and persistent rain will occur near the boundary with cooler air over the Black Sea region. Heavy thunderstorms will develop. Meanwhile, it will remain sunny and warm in most of the rest of southern Europe, with only a few isolated thunderstorms over Greece.

## Five-day forecast

Depressions will move over the northern North Sea causing unsettled conditions over most of Scandinavia. These systems will also produce some showers in the Low countries and Germany during the next few days. Later high pressure will build towards western Europe. Thunder showers will move away from Turkey allowing sunshine and warmth to return. Southern Europe will remain warm with the odd thunderstorm.



## TODAY'S TEMPERATURES

Minimum	Maximum	Wind	Cloud
Abu Dhabi	28	16	100
Accra	24	16	100
Algiers	21	16	100
Amsterdam	13	16	100
Athens	20	16	100
Bahia	24	16	100
B. Aires	20	16	100
Bombay	24	16	100
Buenos Aires	24	16	100
Calcutta	24	16	100
Cardiff	13	16	100
Casablanca	21	16	100
Chennai	24	16	100
Cairo	24	16	100
Cebu	24	16	100
Dakar	24	16	100
Dallas	24	16	100
Delhi	24	16	100
Dubai	24	16	100
Durban	24	16	100
Edinburgh	13	16	100
Geneva	13	16	100
Hong Kong	24	16	100
London	13	16	100
Los Angeles	24	16	100
Madrid	24	16	100
Mumbai	24	16	100
Nairobi	24	16	100
Paris	13	16	100
Rangoon	24	16	100
Rio de Janeiro	24	16	100
Sao Paulo	24	16	100
Singapore	24	16	100
Stockholm	13	16	100
Taipei	24	16	100
Tokyo	24	16	100
Toronto	13	16	100
Vancouver	13	16	100
Vienna	13	16	100
Warsaw	13	16	100
Washington	13	16	100
Wellington	13	16	100
Winnipeg	13	16	100
Zurich	13	16	100

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# Weekend FT

SECTION II

Weekend August 27/August 28 1994

## The English coast and its holidays from hell

Britain's tourism industry is in trouble. Michael Thompson-Noel packs his bucket and spade and sets out to discover why

I felt trapped and confused. There was seediness and desperation almost everywhere I looked. I believed I was in a time warp, or in a novel by J.G. Ballard in which the past and the future had coalesced gruesomely into a macabre and changeless present. I was in Great Yarmouth.

Among the horrors that market themselves as English seaside resorts, Great Yarmouth, which sits like a boil on England's eastern cheek, is perhaps without peer for hideousness and hopelessness. In some ways it is a typically clapped-out English working-class coastal resort town whose fate, in an era of cheap mass foreign travel, is to play host to the poorest and least sophisticated of Britain's stay-at-home holidaymakers. It gives them beer and crummy boarding houses, dodgy cars and shooting galleries, food to feed a pig on and a wind from the Urals. The day I was there - a day in mid-August, the high point of summer - the wind was so strong that the sea was unsafe and the beach out of bounds.

But there is something *grippingly* awful about Great Yarmouth. It looks as though it has not changed in any respect in half a century, as though its grotesqueness and datedness are protected, for some reason, by a force-field. It could be England's worst seaside resort. That would make it, by definition, one of the worst in the world.

Not that I stayed long. I was out of there fast. Why did I go? I went because I was looking for a chimera: the Great English Holiday. Why should I do that? Because I had read that Adele Bliss, chairman of the British Tourist Authority and of the British Tourist Board, was growing alarmed at the bleakness of the position confronting British tourism, particularly its English variant.

Reading of her concern, I realised that I had never, as an adult, spent a holiday of more than three days in England. I have holidayed in France, Spain, Portugal, Italy, Greece, Morocco, Tunisia, Bermuda, the Caribbean, Australia, New Zealand, Fiji, the Philippines, Thailand, Malaysia, Mexico, California, Canada, Scotland,

Wales and elsewhere. But England, hardly ever. The reasons are quite conventional: climate, cost, familiarity and English naivety (half: *adj.*, *slang*, unfashionable, socially awkward; worthless, rubbishy).

Here are some figures. Tourism in all its guises is worth about £20bn a year to Britain's economy. Britain's income from foreign tourists is booming: 1994 forecasts are for 20m visitors, especially from the US, France, Germany, Ireland and the Netherlands.

In the international league table of tourism, Britain still ranks sixth, after the US, France, Spain, Italy and Austria, though it used to be fifth. Tourism accounts for about 1.5m jobs in Britain and more than 200,000 businesses. It employs nearly 7 per cent of the workforce.

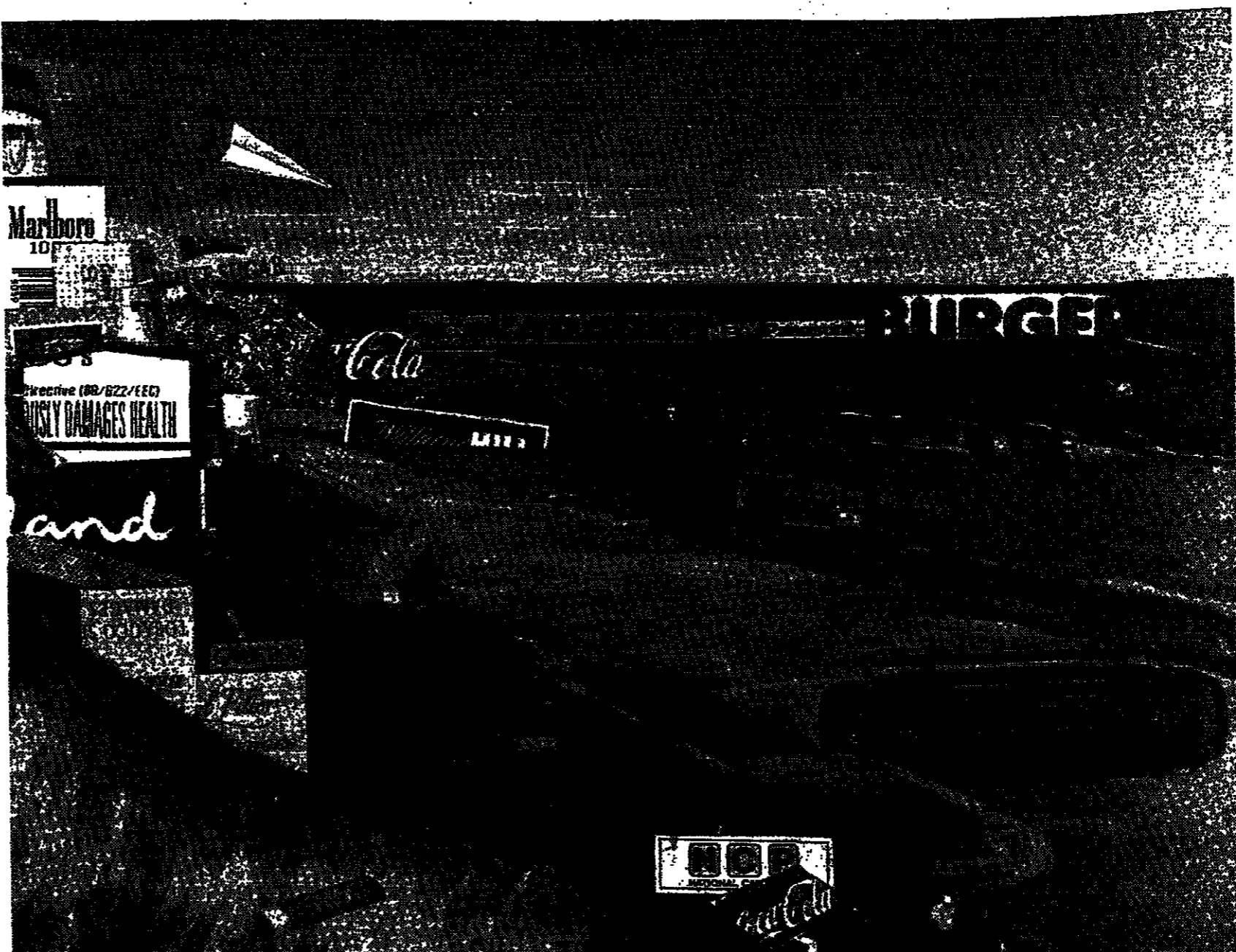
But all is not well. In 1985, says the tourist authority, Britain had a balance of payments surplus on its tourism account of £571m - ie, more was spent by foreign visitors to Britain than by the British travelling abroad (this does not take into account the money spent by Britons in Britain). This account topped into loss in 1986. Last year the deficit was £3.6bn - a faster and deeper decline than that experienced by other countries in Europe.

The main reason for this turn-around is said to be the growing number of Britons holidaying abroad as their wealth grows. In real terms, between 1980 and 1992 expenditure by UK residents on holiday in Britain fell by 12 per cent, while spending on foreign holidays soared by two-thirds.

A well-organised outbound tourism industry (travel agents, tour operators and foreign tourist boards) spends well over £100m in marketing overseas destinations to the British. By contrast, the domestic industry is less well organised, highly fragmented and does not have the same marketing muscle.

As more and more Britons have taken foreign holidays, Britain has lost share of international tourism. During the 1980s, Britain took about 6 per cent of world tourism spending. By 1992: 4.6 per cent.

In England, says Adele Bliss, the picture is at its sorriest: "In the last decade the share attracted by England of all holiday



spending by Britons has fallen by some 10 percentage points, all of which has gone on holidays taken abroad. That share loss cost our tourism industry some £2.6bn in 1993 alone."

So off I went in search of an English holiday. I spent 5 1/2 days and drove 972 miles. I travelled wily-willy, stopping at random, looking for places that would persuade me to spend my next holiday in England rather than in Italy or in Fiji or in Sarawak (terribly nice, Sarawak, one of my all-time faves).

I decided to travel up England's eastern coast because it was the one I was least familiar with. But it makes no difference: east, south or west, Britain's seaside resorts are almost uniformly wretched: grasping, ghastly, catering to the lowest common denominator.

If there was a map of England's naivety that utilised coloured lights, you would find that the cities glowed orange, that the towns shone purple and that the English coastline throbbed in apocalyptic scarlet. It has lost its soul to naivety. Only scraps survive. Worse, the bits in between are often occupied by drab caravan parks or

camping sites - people holidaying in tents, a concept so twisted that the holiday-time murder rate in England's coastal parts must be worryingly high.

For 2 1/2 days I meandered northwards, repulsed by ugly resort towns after ugly resort towns. My main compensation was the quality of hotels I stayed in. I did not shy from luxury. They were excellent, including the guesthouse I stayed in on the second night, and proved that one of the best aspects of English tourism is the quality and range of its hotels. They are as good as any country's, but cheap they are not.

My first night was spent at Congham Hall, a luxury country house hotel set in 40 acres of parkland near King's Lynn in Norfolk. It is near the Sandringham royal estate, just inland, and is run with great flair by Christine and Trevor Forester. The peace of the Norfolk countryside is all around. Its food is more than good and it has a heated outdoor swimming pool. Its herb gardens are famous.

Would a holiday at Congham Hall prove memorable? Undoubtedly it would. But prices, including full breakfast, range from

£99 per night for two people in a smallish double room to £118 (single) or £180 (double) for a luxury ground-floor suite.

After breakfast I chatted to Trevor Forester, who will become chairman of Pride of Britain, a marketing group of 33 stylish British hotels and restaurants, in November. He and his wife employ 35 workers, including part-timers.

"What are the virtues of foreign holidays?" asked Forester helpfully as we sat in the sitting room, watching the rain. "I have jotted them down for you. There is the weather, obviously, though people are becoming wary of too much sun. There is their cheapness, of course, though not at our level of hotel. There is the attraction of foreign culture. And, for some, the adventure of flying, though that must be waning."

"As for holidays in England, I think there are three main advantages. The food is better. I would throw in a plug for English cooking. Travel times are shorter: you can use your own car. And it's safer. There is the odd rail strike, to be sure, but no likelihood of a coup in Norfolk."

He could have added a fourth: the

immense range of things to see and do in England. In recent times the English heritage business has been reviled for turning England into a Disneyesque theme park. But the criticism has been disproportionate to the damage inflicted by the heritage-mongers, at least to date.

On price, the proprietor of Congham Hall said that British tourism was not treated fairly by the government. One of its grosser burdens is the high rate of VAT.

Bliss says that Britain's tourism infrastructure is woefully under-utilised, especially compared with that in Mediterranean countries. As a consequence, profits are not high enough and charges are uncompetitive.

Part of the problem is the cost structure. In Britain, serviced accommodation and restaurants have to pass 17.5 per cent in VAT on to their customers, compared, for example, to 6 per cent - or sometimes outright exemption - elsewhere in Europe. Forecast finds this galling. The morning of our chat, The Times reported that Spain's

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The Long View/John Plender

## Strange case of Lord A

Same about Lord Archer's political career. But the wayward novelist does enliven an otherwise dull week. The snag is that his curious share dealings cast serious doubt on one of our most cherished and comfortable assumptions - namely that the British are wonderfully successful at maintaining the rule of law without a surfeit of lawyers.

For those who have been sunning themselves on some foreign beach, here is an edited version of the plot to date. In January, Lord A, whose wife is a director of Anglia Television, buys shares in Anglia. This he does through a stockbroker, Charles Stanley, that he has not hitherto employed. Within days Anglia is the subject of a bid from MAI, whereupon the shares are sold at a profit of £20,000.

While the broker had at first assumed that Lord Archer was buying for himself, the noble peer subsequently demonstrates an admirable concern for wider share ownership by asking for the shares to be registered in the name of a Kurdish acquaintance, Mr Brook Saib. He also provides Saib with an unusually ritzy accommodation address. All correspondence, including the cheque, is sent to Lord Archer's own London penthouse.

Britain's Department of Trade and Industry has never been noted for a suspicious turn of mind where insider trading is concerned. Yet it did, in this instance. Investigate the transactions involved, which suggests that its sense of smell is not entirely deficient in these matters. It then decided to take no further action against any of the parties concerned in the investigation.

exceptionally cheerful disposition.

For some, this is good knockabout fun in the silly season. Others of more serious inclination feel that it demonstrates the stupidity of Britain's insider trading legislation. Here, they argue, is a case of a man being caught at the wicket and promptly declared not out.

Nor is this the first time that such a thing has happened. Since insider dealing is a criminal offence, the burden of proof is exceptionally onerous. The definitions of an insider, and of inside information, are extraordinarily difficult to draw in a watertight legal manner. Enforcement is therefore difficult and the authorities become absurdly preoccupied with the table manners of people at brokers' lunches. Would we be better off without such legislation in the first place, given that failure to enforce the law brings the law into contempt?

It is not difficult to make the case. Market skulduggery can be divided into two categories. Some behaviour involves the distortion of prices. If, as in the case of the Guinness bid for Distillers, large companies change hands on the basis of false information, there is a risk that resources will be misallocated and the economy damaged.

Insider dealing, in contrast, makes for more efficient pricing. The victims tend not to be the small shareholders, in whose name the legislation is so often justified, but professional market makers who know how to look after themselves.

Moreover, insider dealing laws, which originated in the liberal, English-speaking economies, distance shareholders from management. They give institutional investors an incentive not to lock themselves into a supportive dialogue with companies because this would restrict their ability to sell the shares.

By reinforcing the fetish of liquidity, insider dealing laws weaken the chain of accountability from management to the legal owners of the company.

Well, up to a point. But the Germans and Japanese themselves now have insider dealing laws; and the reason is

political rather than economic. In Japan, in particular, the fact that brokers' inside clients were recently protected from an unprecedented market crash, while private shareholders were not, caused huge disillusionment with the country's ruling elite. That resentment partly explains the erosion of the Japanese political consensus.

Nor are the economic arguments for legislation negligible. A biased roulette wheel deters punters from the casino. It is noteworthy that in countries such as Italy, where insider dealing legislation is weakly enforced, the stock market is distrusted by the public. That can lead to a higher cost of capital.

I need it is possible that the low level of private share ownership in Britain reflects a general suspicion of behaviour in the stock market as well as the fiscal incentives for collective ownership. The fact that new issues are so often underpriced and that companies change hands at large premiums to their day-to-day market valuation tends to support that view.

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John Plender

MARKETS

London

# Analysts fix their gaze on the horizon

Paul Taylor

The London market rallied strongly last week with the FT-SE 100 index moving decisively through the 3,200 level helped by positive domestic corporate news and a strong US market. In recent weeks, the index has frequently stumbled on the threshold of 3,200, but on Wednesday the FT-SE 100 climbed 30 points to close at 3,205 - the first time it has closed above 3,200 since March 22.

Further advances on Thursday and Friday took the FT-SE 100 index to 3,265 by the close yesterday, up 74 points on the week and 389 points above the late June low.

A surge of retail buying interest on Wednesday pushed turnover up to £1.85bn that day while turnover on Thursday reached £4.5bn shares, the heaviest volume for several months.

With the September reporting season imminent, the summer rally has been encouraged by a growing feeling that

investors are focusing more clearly on the strong rise in corporate earnings and dividends which is already evident.

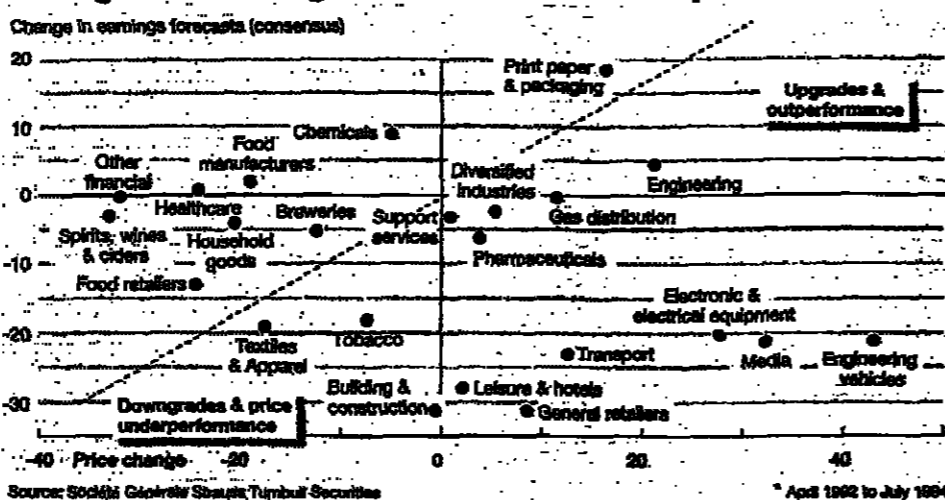
Forty-three companies - 27 of them industrials - with market capitalisations of more than £200m and, for the most part, December year ends, have already reported their interim results and are mostly coming in on target according to S G Warburg.

S G Warburg analysts forecast underlying earnings would be 24 per cent ahead. They have shown gains of 28 per cent. Dividend increases have been two percentage points ahead of forecasts at 12 per cent.

Among the companies reporting, only those in the financial sector came in slightly ahead of expectations. The 27 industrial companies are precisely on target showing 18 per cent gains with dividends 8 per cent higher compared with a forecast 7 per cent.

After this first tranche of

## Changes in earnings forecasts and share prices\*



Source: Societe Generale Securities, April 1992 to July 1994

interim results, analysts have been updating their forecasts. Warburg analysts have lifted their 1994 forecasts for earnings-per-share growth at the industrials which have reported so far, from 15 per cent to 18.2 per cent and from 11 per cent to 11.2 per cent for 1995.

For the broader results group, Warburg raised its EPS growth forecast for the current year from 15.6 per cent to 22.7 per cent, but the 1995 forecast has been downgraded from 18 per cent to 10.5 per cent.

But how significant are profit forecast upgrades and downgrades anyway? Societe Generale Securities Turnbull set out to analyse whether changes in consensus forecasts for earnings per share growth have been reflected in sector performance.

The results (see chart) show that the pattern of earnings

per share changes fall into two broad camps. Sectors which have seen an upgrade in their forecast earnings growth rates tend to be in cyclical areas such as the engineering, printing, paper and packaging and chemical sectors.

However the majority of sectors have actually seen a moderation of their forecast rate of earnings growth since April 1992.

There have been only modest reductions in the growth rate of the consumer services including wines and spirits, brewers, health and household, health-care and the pharmaceuticals. More significant downgrades have affected the service areas including food retailers, general retailers, leisure and tobacco.

As might be expected, those sectors which have been downgraded most sharply have also been among the poorest performers in the market, but there are exceptions, for example the engineering vehicles sector.

"While the relationship between long term revisions and relative price performance may not be overwhelming, change in forecast EPS growth is likely to be an important influence on sector performance," says Strauss Turnbull.

Of course there are many other factors influencing short term performance, and this was illustrated this week.

On Monday, Service Corporation International of the US, announced that it had more than doubled its "strategic" stake in Plantbrook, Britain's second largest funeral business to 8.4 per cent. SCI's move follows its successful hostile takeover of Great Southern Group. Plantbrook's shares closed 9p

higher on the week at 172p compared with 100p before SCI's initial expression of interest two weeks ago.

On Tuesday Thorn-EMI disappointed the market by ruling out an early demerger of its music and rentals group, Sir Colin Southgate, chairman, speaking as the group announced an 18 per cent decline in first quarter pre-tax profits reflecting exceptional charges, said he did not expect the board to look at demerger proposals again for three years. The shares closed the week 21.5p lower at 104p.

The same day disappointing results from NRC, coupled with the surprise resignation of Peter Sherlock, the group's chief executive, sent the shares tumbling. The shares closed the week 23p lower at 175p.

On Wednesday, the regional electricity company shares rose sharply again after Seaboard became the first since the recent regulatory review to buy back its own shares. Seaboard, which closed the week 20p higher at 449p, purchased 2m shares at 425p. All 12 RECs have approval from shareholders for share buy-backs.

W.H. Smith, the high street retailer, reported a rise in underlying pre-tax profits of 13 per cent to £124.6m, in line with expectations. The shares gained 30p on the week to 509p.

On Thursday Weir Group, the Glasgow-based pumps and engineering group, announced the acquisition of EnviroTech Pumpsystems, a specialist US pump manufacturer, for £210m (£135m). The deal will be part funded by a one-for-four rights issue at 252p to raise £98m. The shares closed the week down 10p at 303p.

## Serious Money

# The ethics of being an ethical investor

Scheherazade Daneshkhu

A friend, revolted by the thought of eating meat, used to recount the drawbacks of being vegetarian. It was not so bad, he said, but what he could not abide was being deliberately deceived.

On a visit to a restaurant he often frequented, he asked if the mushroom quiche was vegetarian, and was reassured. But, after the first mouthful, he became suspicious: closer examination revealed it contained little cubes of ham.

Investors in ethical companies and funds probably know the feeling. They may face opposition for bringing morality into the business of making money - attempts to launch an ethical unit trust early in the 1980s were refused at first by the Department of Trade and Industry on the ground that capital and conscience conflict - but if they invest in good faith, only to be let down, there is not much they can do other than to withdraw their money. To a great extent, they will always be investing on trust.

The rights and wrongs of ethical investment were underlined recently after the Franklin Research Development, a US ethical investment fund, advised its clients to sell Body Shop shares. One reason was that allegations due to be published about the company in the US press could, it believed, lower its stock price in the short term.

For many people, ethical investment will remain little more than a marketing gimmick to help the image of a company or an investment house. After all, the £200m or so invested in UK ethical unit and investment trusts is tiny as a proportion of total funds under management - more than \$770n in the case of unit trusts alone. Yet, ethical and environmental funds are relatively high profile. On the other hand, invest-

ment has been growing steadily, increasing more than fourfold over the past five years - a far higher growth rate than that of the average fund over the same period.

Holder Meehan, a London and Bristol-based independent financial adviser specialising in ethical investment, estimates that "screened" investment - when companies are analysed according to the ethical concerns of the investor - amounts to a rather more substantial £20bn. The figure includes local authority money, plus charity and church funds.

The inclusion of the last two is ironic. Nearly four years ago, the Bishop of Oxford lost a court case against church commissioners in which he argued that they should give more weight to ethical investment than to financial considerations.

If you are an ethical investor, how can you be sure your criteria are being met? You could always build up your own portfolio using the services of a company such as Eiris, which screens stocks to see if they meet about 300 ethical criteria, but it would be relatively expensive and risky compared with a pooled fund.

Still, the choice of funds has become much wider over the past few years. Initially, the only ethical funds were unit trusts - Friends Provident established the first in 1984 - but now there are ethical investment trusts, pension funds and packaged ethical products such as personal equity plans and endowment mortgages.

You will want to choose a fund which matches your ethical criteria most closely, perhaps with the help of one of a number of IFAs who specialise in ethical funds. But choices need to be based on relative, rather than absolute, criteria. One of the criticisms of Body Shop was that its high-profile

trade-not-aid policy, which involves buying from developing countries, forms only a small proportion of its business although the company says it spends a disproportionate amount of time and money on the policy.

But, for the interested investor, the question is whether another company can better the Body Shop record. If not, then the choice is between Body Shop and others which do not operate such a policy.

Another way of avoiding disappointment is to ask the fund manager to be specific about investment criteria and the way the fund's monitoring processes operate.

Allchurches Amity Fund says it avoids "companies materially involved in the alcohol, tobacco and gambling industries". Scottish Equitable is more specific: its literature states it avoids companies "for which the growing, processing or sale of tobacco products account for more than 10 per cent of its total business".

Allchurches says, however, that it regards "materially involved" as having more than about 3-5 per cent of profits and turnover in these activities. It does not like being specific because it might invest in a company exceeding this proportion if it is outweighed by other factors.

Some funds apply stricter ethical criteria than others, but this is likely to restrict their investment choice. The most common negative criteria - avoiding companies dealing in arms, tobacco and gambling - exclude about 80 per cent of companies in the FT-SE All-Share index.

This restricted investment choice can lead to under-performance but, given the variety of ethical funds available, it is hard to be certain how their performance measures against a benchmark. First select the most suitable ethical fund and then look at its performance record before making a final decision.

## HIGHLIGHTS OF THE WEEK

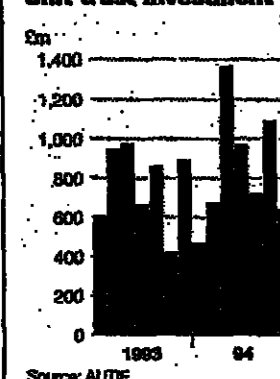
	Price y/day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3265.1	+73.7	3520.3	2876.6	Mirrors big jump on Wall Street
FT-SE Mid 250 Index	3807.0	+63.1	4152.8	3363.4	buoyed by utilities
Asea	674	+54	674	504	Morgan Stanley recommendation
BAT Inc	447	+22	570	372	Optimism over tobacco profits
Barclays	587	+23	640	487	Hoare Govett recommends
Body Shop	218	-18	284	214	Negative press reports
Charter	636	+81	636	636	Wine 90% control of Esab
Eastern Elect	863	+53%	863	568	Share buy-back hopes
Kwik Save	643	+46	656	523	Speculative stories
NFC Var Wg	179	-23	281	179	Chief Executive resigns
Norweb	833	+26	833	587	Rationalisation
Plantbrook	220	-15	279	199	Figures disappoint
Seaboard	448	+20	448	299	Share buy-back
Telegraph	367	-11	622	323	Disappointment over figures
Wellcome	724	+21	731	498	Bid talk returns

## AT A GLANCE

### Finance and the Family Index

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### Unit trust investment



### Personal pensions



## Unit trust sales fall sharply

Unit trust investment fell sharply last month. Net investment fell to £246.4m in July from June's record £1.1bn. It was the weakest investment figure since January. Last month's figure was also down by almost one-third from net investment of £954.6m in July last year. The Association of Unit Trusts and Investment Funds said one reason for the drop might be a switch by discretionary managers into direct holdings of UK equities at the expense of unit trusts. It also thought more people might be holding cash.

Audit has released a new fact-sheet: "Emerging markets: too tempting to resist or too hot to handle." It is available from its information service on 081-207 1361.

## Demand for pensions drops

Sales of new personal pensions and life assurance policies fell in the first half of this year, apparently reflecting concerns about the mis-selling of personal pensions. Figures from the Association of British Insurers showed that the number of regular premium pensions slipped to 264,000 in the second quarter - its lowest quarterly levels for more than two years. The number of single premium pensions sold in the first half of this year, 265,000, was 30 per cent below the first half of last year, and 40 per cent below the total sold in the first six months of 1992.

The Securities and Investments Board, the chief City regulator, has set up a review into the sale of personal pensions to people transferring out of an occupational scheme.

## C&G sets up help-line

The Cheltenham and Gloucester building society has bowed to pressure and set up a telephone help-line, which comes into operation from Tuesday, to help its customers understand the terms of the Lloyds Bank takeover offer for the society. Many account holders are unsure whether they qualify for cash payments under the offer because of a ruling that customers must have been members of the society for two years to be eligible. The desk can be contacted on 0345-889900, from 9am to 5pm, Mondays to Fridays, and 9am to 1pm on Saturdays.

## Smaller companies inch ahead

Smaller company shares continued their gradual ascent. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.5 per cent to 1707.65 over the week to August 25.

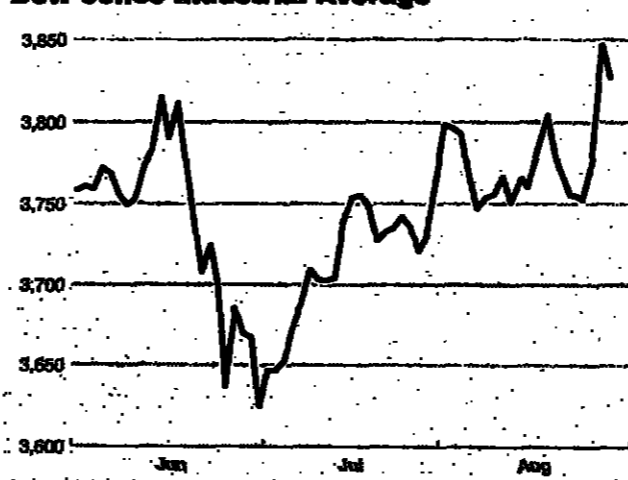
## Next week...

What will happen to your investments over the coming months? The Weekend FT asks leading fund manager for their views on prospects for world markets, inflation and interest rates.

## Wall Street

# Stocks are pulled up by their shorts

## Dow Jones Industrial Average



yield on the benchmark 30-year government bond - the most widely followed measure of long-term interest rates - from 7.55 per cent at the start of the week to 7.47 per cent near the end. And, of course, where the bond market goes, the stock market, which has been marching in lockstep with Treasury prices all summer, follows.

The gains in share prices

Much of those gains were achieved late in the day, and market analysts attributed them to "short-covering" by investors and dealers. In recent months, a record number of market participants, anticipating further declines in share prices, have run up "short" positions in stocks. This means they have borrowed shares and immediately sold them on, in the hope that when they have to return the borrowed shares, they will be able to buy them in the market at a lower price - thus making a profit.

When prices start rising unexpectedly, short-sellers are faced with the prospect of big losses, because they have to buy back their borrowed stocks at a higher price. The only way to limit those losses, is to buy stocks before they rise too far and wipe out the profit on the short positions.

This "short-covering" is what happened late on Wednesday, and the rise in prices that prompted it was reportedly caused by heavy buying of blue-chip stocks by investors who had bought particular derivatives product - a short-term stock index

option - from a Washington-based money manager. That manager had sold the option because he was convinced share prices were going to fall this week.

When prices rose above a certain level on Wednesday afternoon, however, anyone who bought the index options from him started making money. Those investors then kept on buying, because the higher prices went, the more money they made on their options. It was this run of late demand which seems to have panicked the short-sellers into also buying stocks. The end result was a 71-point gain on the Dow.

Short-covering may also have contributed to yesterday morning's big jump in the Dow, but by then, share prices appeared to have an upward momentum all of their own. For now, at least, the stock market is on a roll.

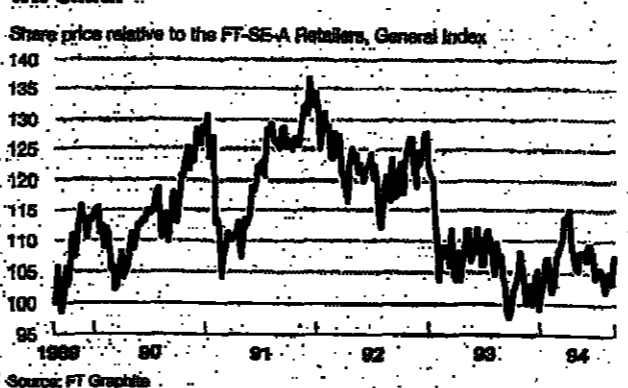
Patrick Harverson

Monday	3751.22	- 03.89
Tuesday	3775.83	+ 24.61
Wednesday	3846.73	+ 70.90
Thursday	3829.69	- 16.94
Friday		

## The Bottom Line

# Balancing the book business

## W.H. Smith



stance on Wednesday, saying it would help to finance the defence of the agreement only if large publishers demonstrated they were still committed strongly to it.

Already, there are rumours that one or more will pull out by early next year, effectively

cutting off the agreement even before the court rules. But chief executive Sir Malcolm Field is confident that W.H. Smith can withstand the end of the agreement. Discontinuing, he says, would be limited to perhaps 30 best-selling books, and any lost margin

would be recouped largely through gains in market share.

The other anxiety about the UK business is that consumer demand is expected to remain sluggish. The group plans to compensate for that partly by its biggest-ever expansion programme. It is spending £50m this year on adding 230,000 square feet of selling space to its present 3.6m sq ft, including new stores and the extension of its flagship Virgin Megastore on Oxford Street, London, into the world's biggest music and video store.

It is also working hard to get more out of the market-leading position it enjoys in several sectors. It is targeting its different retail outlets - W.H. Smith and Waterstone in books; Virgin and Our Price in music, video and games - more carefully at specific groups of consumers, and building up their brand names.

On the cost side, removing layers of management in the W.H. Smith chain will yield annual savings of £2.4m, allowing it to take on more shop staff to improve service. It is through providing good service and extending "value-added" features such as Bookfinder - its computer-based book ordering service - that bookmaker intends to keep its competitive edge, rather than by copying the everyday low pricing strategy of rivals such as Kingfisher's Woolworths chain.

The US, however, could provide the most exciting opportunities for growth. Already, W.H. Smith is the biggest US airport retailer of books. It plans to expand this business and the Waterstone chain.

Where does that leave the shares? With pre-tax profit for this year forecast at £142m-£145m, equivalent to a 10 per cent increase in earnings per share, analysts believe they are about 5 per cent undervalued against the market. They have gained ground in the past three days but still look a worthwhile holding.

Neil Buckley

FINANCE AND THE FAMILY

# Debt traps that make student life a misery

Bethan Hutton offers some advice on avoiding the worst of the pitfalls

When the grant cheque first arrives in freshers' week, many students feel richer than they have ever been. But, by the end of the first term, some are already in debt. By graduation, the average student owes more than £2,000.

Coping with money - or, rather, the lack of it - is one of the least pleasant aspects of student life. Nothing can make it easy, but knowing how the system works can help students avoid some of the worst pitfalls.

■ **Banking.** Banks woo student customers with everything from free jeans to hard cash, but it is better to look for convenience, free banking and cheap borrowing.

The best student bank account this year seems to be with a building society. The Halifax is offering the largest interest-free overdraft, the highest rate of interest for those in credit, and the lowest interest rates for both authorised and unauthorised overdrafts above the interest-free limit.

■ **Banking.** Banks woo student customers with everything from free jeans to hard cash, but it is better to look for convenience, free banking and cheap borrowing.

■ **Loans.** Debt has become impossible to avoid for most students. The cheapest way to borrow is an interest-free student overdraft, but student terms last for a maximum of a year after graduation. Then, no matter what your financial situation, you must pay off the overdraft or be charged market interest rates.

Loans from the official Student Loans Company are repayable over five years, starting the April after graduation, as long as you are earning more than 85 per cent of average earnings (now about £4,000 a year). If you earn less, the loan can be deferred.

Technically, the loan is interest-free, but the amount you owe will rise in line with inflation. You can apply for a loan once each academic year. If you ask for less than the maximum amount, you cannot make a second application if you need more later.

■ **Other sources of money.** The government gives each university or college a sum of money for distribution as "access funds" to help

■ **Always talk to the bank before exceeding an overdraft limit.** Bounced cheques are expensive.

■ **Avoid credit cards unless you have good self-control or parents with deep pockets.**

■ **Grants.** These were cut by 10 per cent in the last Budget, although the maximum loan was increased to compensate. More grant cuts are expected to push the balance further towards reliance on loans over the next few years.

Grants for most students aged under 25 are means-tested on their parents' income. Parents start having to contribute if they earn more than about £16,000 a year, and those with income of more than about £35,000 must meet the full cost of a son or daughter studying outside London.

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Student accounts			
Bank/Building Society	Incentive	Interest if in credit	Interest-free overdraft
Bank of Scotland		3.25%	£500
Barclays Bank	£15	1.00%	£400-£700
First Trust Bank (NI)	Pair of Lee jeans	0.30%	
Halifax BS		3.75%	£500-£1,000
Lloyds Bank	£16 railcard and £15 record token or £25	1.00%	£400-£800
Midland Bank	£25 (before freshers' fair)	2.72%	£500-£700
NatWest Bank	Discount vouchers or £10	1.50%	£400-£500
Northern Bank (NI)	Clock radio, phone card	0.50%	
Royal Bank of Scotland		3.00%	£400-£500
TSB	Cinema tickets, discount vouchers	3.50%	£400

Source: Money Facts. Highest level of interest-free overdraft is usually for the first year of study.

Students in dire need. The amount of money is limited, and demand is heavy, but if you have a good case it is worth a try. Some institutions also have their own hardship funds or scholarships.

Sponsorship is a very attractive option. It is easiest to obtain for engineering students, but a growing range of employers, from the armed forces to accountancy firms, are willing to sponsor students on other courses. Careers offices may have more information, or get a copy of *Sponsorships for Students 1994* (Robinson), 25 from the Careers and

Student grants and loans 1994/1995			
	Grant	Loan - full year	Loan - first year
London	£2,560	£1,375	£1,005
Elsewhere	£2,040	£1,150	£840
Living with parents	£1,615	£915	£570

Source: Department for Education. Figures are for maximum amounts.

Occupational Information Centre, PO Box 248, Bristol, BS99 7FE.

Some large companies have schemes to provide financial help to employees' student offspring - parents should make enquiries. A few charities also make small grants to students who meet certain conditions. For details, look in your library for the *Charities Digest*, *Money to Study*, or *The Grant Register*.

■ **Tax.** Grants, loans and parental contributions, to the level of the maximum grant, are not treated as taxable income. Students can earn up to the full personal allowance of £3,445 on top of their grant before paying any tax. Most students will not earn enough from part-time or temporary work to be liable for tax,

## How the other half pay

■ **UNITED STATES** Students must meet tuition fees but can get grants and loans from various sources, writes John Authers. Parents can take out government loans and Parent Loans for Undergraduate Students (PLUS). Most loans are paid off within 10 years of graduation.

One of the most popular is the Stafford loan, which is means-tested and has a zero interest rate while the student stays in education. The interest rate is 8 per cent for the first four years of repayment and 10 per cent thereafter.

Commercial banks make the loans, but the government guarantees them a return of at least 3.25 per cent above the Treasury bill rate and also pays interest to the lender while the student is in education. The downside is that the cost of defaults is estimated at around \$200 a year.

■ **AUSTRALIA** Australia's system is the one that many vice-chancellors and academics want the UK government to adopt. Under the Higher Education Contribution Scheme, every student takes out an automatic loan when enrolling to cover a portion of the course fees. For full-time students, this is about A\$2,525 (£1,100) a year.

The loan is not repayable until students have graduated, and their income has exceeded a minimum threshold, now set at the Australian average wage. Repayments are made through the tax system - students' codes are altered when they start at university and they pay a progressive tax rate of 2, 3 or 4 per cent until the loan is repaid in full. There is a 25 per cent discount for those who repay their entire loan in one lump sum.

■ **GERMANY** Germany's loans-based system is much less sophisticated than Australia's. Loans are means-tested and the amount available falls quite quickly as parental income rises. The parental contribution is fixed and a legal requirement. Loans are repayable over 20 years with a minimum annual repayment, which can be deferred if graduates' income drops below a certain threshold. There is no interest rate - not even to keep up with inflation. And if students are in the top 30 per cent of their year academically, a quarter of the loan's value is written off.

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## FINANCE AND THE FAMILY

## The Week Ahead

## Builders put up a better showing

The interim results season for construction and building materials companies starts in earnest on Wednesday when half-year figures are due from housebuilder Persimmon, contractor Mowlem, and Rugby Group, the cement company.

Persimmon is expected to have increased first-half profits to about £14m (£9.7m), while some analysts reckon Rugby's profits will have grown from £30.2m to about £36m.

Just as interesting as the figures, though, will be what Persimmon has to say about whether new house sales have started to pick up after a slow start to the summer.

Forecasts for Mowlem, which sold its housebuilding operations following a financial reconstruction, vary wildly; some brokers suggest the company has remained in the red in the first half.

The consensus view, however, is that it could have made pre-tax profits of about £4m following a £41.8m loss in

the first six months of 1993. **Provident Financial**, the personal loan and consumer finance group, will report its interim results on Wednesday. Analysts expect an advance in pre-tax profits for the first half of 1994 to around £26m-£27m, against £21.5m - an increase of between 18 and 23 per cent.

The increase in the interim dividend is expected to be slightly lower, at around 15 per cent, taking it to 5.5p from the 4.75p reported last year. **Williams Holdings** is expected to announce interim profits of about £90m on Thursday. With a hefty chunk of business dependent on housebuilding, investors will be looking for signs of some pick-up in under-

lying trading in both the US and UK.

The cashflow question which has plagued the conglomerate is likely to linger, albeit in the background. More importantly, after April's £267m rights issue, observers will want signs that the new, more conservative strategy of bolt-on acquisitions is working.

**The upturn in European vehicle sales** and signs of recovery in the US automotive industry should lift first-half profits at T&N by about 30 per cent at the motor components and engineering group. Interim pre-tax profits - due on Thursday - are expected to reach £51m (£39.4m) as the group enjoys higher volumes and the

benefits of previous reorganisation.

Analysts warn, however, that investors will be seeking a "significant payback" following £268m of capital spending in the past three years and a 92 per cent increase in the shares in issue since 1988.

**Beckitt & Colman**, the household products and toiletries group, is expected on Thursday to report a marginal increase in interim pre-tax profits to about £150m (£144m). Gains on the disposal of its European Colours business will push FRS 3 pre-tax profits to around £185m. The interim dividend is expected to rise by 8 per cent to 6.95p a share. Trading conditions in conti-

mental Europe and North America have shown next to no improvement since a cautious AGM statement in May pushed the shares down from 634p to a low of 558p in June. They have recovered since, however.

**Ladbroke**, the hotels, DIY and betting group, is expected to announce interim profits before exceptional of about £43m on Thursday, against £28.5m last year.

The sharp decline is due almost entirely to the dismal performance from Texas Home-care, the DIY business. Most of the pain was taken at the year-end when the group was forced to restate the division's profits. But underlying trading is

still expected to have fallen further. The dividend is likely to be reduced from 4.92p to 2.5p, in line with the year-end cut.

**Rolls-Royce**, the power generation and aero engines group, is expected to reveal a rise in pre-tax profits from £32m to between £39m and £46m for the first half of 1994 when it reports on Thursday.

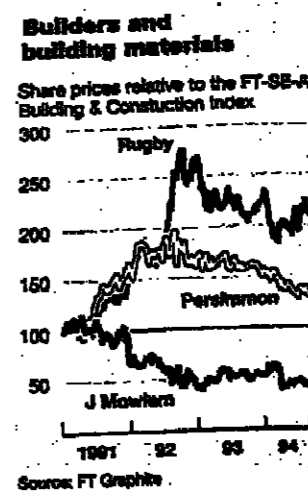
Also on Thursday, analysts expect **Vickers**, which makes Rolls-Royce cars and tanks, to have all but doubled pre-tax profits in the first half. Between £15m and £18m is anticipated, against last time's £8.3m.

Behind the advance lies a better performance from the

cars division, the possibility of good news on the global diesel engines market, and an upturn in the medical equipment division.

**The City** is expecting **Pearson**, owner of the *Financial Times*, to turn in pre-tax profits between £65m and £73m on Friday for the six months to June 30, sharply up on last time's £46.3m. The outcome will probably be to the upper end of expectations, but precise forecasting is particularly difficult this time.

Unlike last time, acquisitions such as **Thames Television** and **Extel** will be included - but not the demerged Royal Doulton and Camco, the oil services group.



**Schroders**, the merchant bank, reports its first-ever interim results on Friday. Growth in mergers and acquisitions business, along with US expansion, should contribute to pre-tax profits of £100m. The interim dividend could be lifted from 4p to 4.5p.

## Protect yourself against market losses

## Peter John recommends options

If a £100,000 windfall had arrived last Christmas and you had invested it in a broad range of blue chip UK shares traded on the FT-SE 100 index, it would have lost around £15,000 of its value just three months later.

There is a way of insuring against all or part of such losses by "hedging" through traded options. These are financial instruments carrying the right, but not the obligation, to buy or sell shares at a fixed price during a fixed period.

There are two types of option. A "call" option gives you the right to buy shares, and is useful as a speculative tool. A "put" option gives you the right to sell shares, and is often used to protect a portfolio.

If, for example, you bought 1,000 Glaxo shares in March, you could have paid £7,000 - or 700p a share. At the same time, you could have bought an October 650 put option - the right to sell 1,000 Glaxo shares at 650p between March and October, thus setting a floor on potential losses. The premium for the put option would have been 42p a share, or £420 in

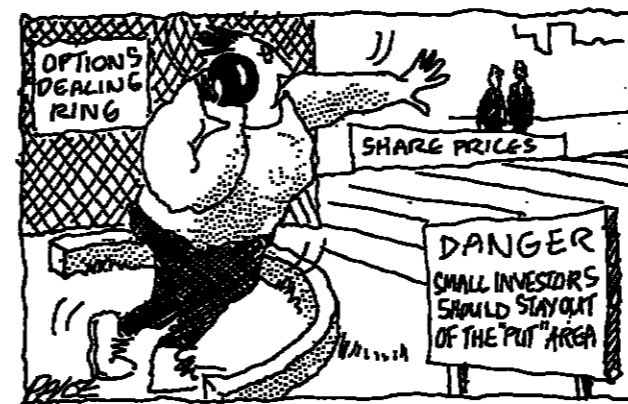
total for a contract covering 1,000. This is, effectively, 42p of insurance for every 700p share from March to October, and equates to an insurance premium of around 10 per cent for the year.

This might seem expensive: very few people would spend £20,000 a year protecting a £200,000 house. But it largely depends on the inherent risk, which is reflected by the volatility in the market. In this case, the caution would have paid off.

By the end of June, Glaxo's underlying share price stood at just over 550p. The options could have been "exercised" and shares sold for 650p. After deducting the 42p a share option price, the options limited the maximum loss to 92p a share - rather than 150p - allowing you, in effect, to sell at 608p.

The main difference between options and conventional insurance, however, is that an option can also be sold on at a profit.

An option's price is made up of two elements. First, "time value" is calculated from the length of time left before the option expires, and how vola-



tile the share price has been. Second, there is "intrinsic value" - the difference between the option's exercise price and the underlying share price. A put option has intrinsic value if its exercise price is

higher than the share price. In the case of a 650p put, it has only time value when the underlying share price is above 650p; but for each penny the shares fall below 650p, the intrinsic value rises. Glaxo

## Why cost is everything

Even ShareLink, the cut-price Birmingham-based broker which claims to carry out around a quarter of all private investor dealing, charges a minimum of £33.50 for the whole process from purchase to sale.

Every point move in FT-SE index options represents £10, so, if an investor bought one contract, the option price would have to rise by 3.5 points just to cover the dealing costs.

In addition to the commission, the spreads - the difference between the price at which a broker is prepared to

buy and sell - often are high relative to equities. The spread on Glaxo October 500 calls was recently 62½p bid and 68½p offered, or 10 per cent. The spread on the underlying shares is around 2 per cent.

Of course, big investors usually have a varied portfolio of shares so, rather than protecting each share with an individual put option, a more likely scenario would be to hedge through a put option on the whole FT-SE 100 index.

Index options are different from individual equity options in that exercising the contract involves only cash, not shares. Thus, rather than selling off shares, you are compensated for their loss in value.

When the market was at its peak of 3,520, a put option at 3,500 (ie, one that provided almost total protection) might

have cost 6 per cent of the portfolio value. But derivatives' analysts estimate that protection at £200 would cost only 1 per cent.

Options traders say the best time for an investor to buy derivatives is after the market has moved (whether upwards or downwards) by more than 10 per cent over a short period, as there is a strong chance of that move being followed by a correction. As the FT-SE 100 has recovered by 300 points since the end of June, now might be a good time to ensure that the recent 300-point gain is not lost.

(The price of index options is shown on the London stock market report page of the FT. Individual stock option prices are shown inside the second section, generally on the World Stock Markets page.)

See pensions, page VI

## Directors' transactions

The largest deal of the week was at property company **Birkby** where **William Cran**, the chief executive, sold 400,000 shares at 27½p each, raising more than £11m. The sale was undertaken for personal reasons.

**Greggs**, the high street baker, has been enjoying a good run on its share price over the past 12 months. Indeed, interim results announced at the end of July

showed earnings growth of more than 25 per cent and a dividend increase of 16 per cent - fine results given the warmth of the summer which tends to depress people's appetite for sweet buns.

The sale recorded by managing director **Mike Darrington** of 1,200 shares leaves him with a total holding of more than 71,000.

**Vivien MacDonald**  
The Inside Track

## What other PEP offers all this?

The initial charge on the Schroder PEP has been reduced to 3% - now it will cost you less to invest in PEP. There are no additional charges for unit trust PEPs apart from the normal unit trust annual charges. And there are no exit charges.

Investment	Initial Charge	Annual Charge	Exit Charge
Schroder UK Equity Fund	3%	1.0%	0%
Schroder UK Bond Fund	3%	1.0%	0%
Schroder European Fund	3%	1.0%	0%
Schroder Global Fund	3%	1.0%	0%
Schroder US Fund	3%	1.0%	0%
Schroder Japan Fund	3%	1.0%	0%
Schroder Australia Fund	3%	1.0%	0%
Schroder New Zealand Fund	3%	1.0%	0%
Schroder South Africa Fund	3%	1.0%	0%
Schroder Middle East Fund	3%	1.0%	0%
Schroder Europe Fund	3%	1.0%	0%
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## FINANCE AND THE FAMILY

## How employers can trim NI bills

David Cohen looks at benefit loopholes

The government's latest attempt to block avoidance of National Insurance contributions (NICs) was announced this week by Peter Lilley, the social security secretary, who said that these will be levied on payments to staff in the form of diamonds and fine wines.

But even if this really is the final bell for artificial avoidance schemes – and, until now, whenever one loophole has been closed another has been discovered swiftly there are still several straightforward steps which employers can take to mitigate their liabilities.

Both staff and employers must pay NICs. In each case, contributions are a percentage of earnings – up to 10 per cent for employees and 10.2 per cent for employers.

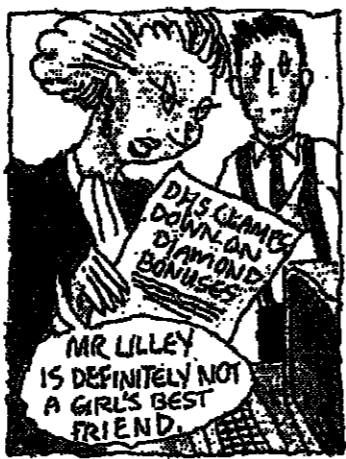
The key difference, however, is that while there is an upper salary limit (now £430 a week) above which no further employee contributions are due, there is no limit at all for employers. Hence, a director receiving, say, £100,000 a year would have to

pay only around £2,000 personally – but the company would have to find £10,000.

There was an upper limit for employers until 1985, and it was the abolition of that which transformed NICs from a minor irritant to a major corporate expense. Responding to demand from clients with beves of high earners, tax advisers blew the dust off their copies of the NIC legislation and found themselves in a loop-hole-seeker's paradise.

The weakness of the NIC framework is that, generally, it catches only salary and not perks. The recurring theme of the many techniques deployed by NIC-dodgers over the past nine years was that the employee got a non-cash benefit that could be converted, almost immediately, into cash.

Gilt-edged stock, equities, unit trusts, gold bullion and, finally, expensive wines and gamewares were exploited by the avoiders before, in turn, being outlawed by the authorities. The enduring mystery is why the government did not simply extend the



definition of "earnings" for NIC purposes to include non-cash benefits; this has been the case with income tax for several decades. Sooner or later it will, presumably, do the rational thing.

So long as benefits remain outside the net, companies continue to have plenty of opportunity to provide them to staff. Larger companies presumably will confine themselves to stan-

dard items such as pensions, medical insurance and cheap loans, but smaller ones might also think of such perks as holidays or suites of furniture. These are lawful provided the order is placed by the employer and the employee cannot opt for cash in lieu.

Even more significant savings may be available for the substantial number of private companies run by owner-managers. Instead of paying themselves extra salary, they can extract money NIC-free in the form of dividends. And if payments are not precisely proportional to shareholdings, the problem can be overcome by dividend sacrifices or "waivers".

(Say that A and B each owns 50 of the 100 shares in K Ltd but they have agreed that A should get twice as large a year-end bonus as B. The money can all be paid as a dividend provided B waives his entitlement in respect of 25 of his shares).

A decision to pay dividends rather than salary, however, should never be taken on NIC grounds alone. The downside of a switch to the dividend route is that it will reduce pensionable earnings and land the company with an advance corporation tax bill.

It might also increase the value used by the Inland Revenue to assess inheritance tax liability on any future gift or bequest of shares.

Neither furniture suites nor extra dividends will be a practical proposition for public companies with substantial work forces. They, however, may be able to take advantage of a small chink left open when the equities loophole was closed in 1991.

Payment to an employee in the form of shares is still outside the NIC net if the shares are those of the employee's company or its parent. Although designed to benefit genuine long-term employee share schemes, the exemption would apply equally to a one-off share transfer followed by an immediate sale.

While this is a blissfully simple solution from a NIC perspective, it is fraught with legal complexities. Issues to be considered include whether the transaction requires shareholder approval; the timing of the sale (so as not to infringe the insider dealing rules); and the tax deductibility of the costs incurred by the company.

David Cohen is a partner in the City law firm of Painsner & Co.

The Professionals / Credit Suisse

## A mind of their own

Last in a series by Joanna Slaughter on fund managers

Credit Suisse Asset Management is the London-based investment management arm of the mighty Swiss bank. Nicolas Bowater, head of the private client division, says: "The Swiss parentage brings to us an enormous amount of resources that are not available to others."

"You are talking about an institution with a huge amount of assets under management. It is the second biggest in Europe."

Senior executives draw upon the information and forecasts supplied by 20 UK investment houses and many overseas brokers at CSAM's monthly investment strategy meetings. The global network of 500 Credit Suisse offices also act as intelligence centres on their behalf.

"We believe that asset allocation is a large part of the success in the management of the portfolios of private clients," says Bowater.

A private client strategist

sits on the asset allocation committee, and the committee's views are disseminated to the portfolio managers very rapidly. Managers will then look at these recommendations and see if they are acceptable from the individual client's viewpoint.

Credit Suisse acquired a controlling interest in stockbroker Buckmaster & Moore in 1986, and the firm was re-born as CSAM five years later. But suspicions that the Swiss influence would result in private

client portfolios being weighted heavily towards international bonds proved unfounded.

More than half the 16 private client fund managers have been with the firm since Buckmaster days, and Bowater stresses: "We are not a branch of Credit Suisse and we don't have an investment method imposed on us to which we must work. We are totally autonomous."

"Outside Switzerland and Germany, there is much more of a penchant for equities, and head offices appreciate the way clients in different centres want to have their money managed."

The recommended asset allocation for a private client growth equity portfolio is: UK, 58 per cent; Japan, 6 per cent; North America, 7 per cent; Europe, 11 per cent; Asia, 10 per cent; index-linked gilts, 2 per cent; and sterling cash, 6 per cent.

Bowater explains: "Our present macro view is that the world is moving into a period of global growth, and that this is going to be a period that favours an investment in equities. "We have been running down our bond exposure and increasing our equity exposure, and we have also been moving a little bit into overseas markets." Indeed, CSAM held a zero position in Japan at the start of the year.

Nearly 90 per cent of private clients have their portfolios managed on a discretionary basis, and Bowater places great emphasis on establishing strong personal relationships with them. All the firm's fund managers travel the country in order to service clients.

There is no fixed rule about the amount of money a private



Credit Suisse's City of London headquarters

client needs to secure the firm's services, but Bowater suggests £100,000 probably is the minimum sum acceptable for a portfolio of equities, on grounds of both risk and cost.

"It depends on a client's risk tolerance," he says. "With £100,000, he could have 15 to 20 stocks and diversify away 90 per cent of the risk."

The fund managers work to a preferred list of stocks but the house approach does not appear to be doctrinaire. Bowater says: "We seek to be expert in a manageable number of stocks but, clearly, if a client asks us to buy something, we do so. In the main, we stick to the high capitalisation stocks."

Within asset classes, the firm favours active management. "One would expect to see a portfolio turn over in four to five years," says Bowater. "What we try to do is to identify situations that are undervalued and hold them for the long term."

There is considerable expertise within the group in using derivatives. Bowater believes it

is logical to use these investment techniques on a private client portfolio for "insurance" purposes. Clients also can benefit from access to the group's other resources.

Bowater argues: "The range of services we can provide through our sister companies is a genuinely full list of private banking services." Where expertise is not on tap – for instance, managing investments in agricultural land – the firm acts as an *honore d'office* on a client's behalf.

Bowater describes the CSAM name as "marvellous. It tells people who owns us; where they come from; and what we do". But he concedes that, in Britain at least, it is a name synonymous with big corporate deals rather than private wealth management.

"I think the growth in private clients will come from satisfied clients, the intermediaries and our marketing techniques," he adds. "And, as the name becomes better known, I believe we will start to benefit from that pool of non-UK domiciliaries who use London as a centre of excellence."

## Woolwich cuts rates

Woolwich building society this week became the latest to make overdraft rate cuts, although it had already reduced them in July to 0.75 per cent a month. The trend was started by Halifax two months ago and has been followed by most societies.

Not only has Woolwich now lowered its rates to 0.75 per cent, matching the lowest available (from the Alliance & Leicester), but it has raised credit interest rates to the same as those it pays on its ordinary instant access account, Prime Gold.

Interest in the society pays 1.15 per cent from £1, 3.50 per cent

from £500, 4.5 per cent from £10,000, 5 per cent from £25,000 and 5.1 per cent from £50,000. With no monthly or arrangement fee for overdrafts, this makes the Woolwich current account the market's leading cheque account for everyday use.

On the downside, selected tiers of Woolwich's Premier 90 and Prime have been reduced, and its Tessa also is reduced by 0.1 per cent on the lowest tier and 0.25 per cent from £5,000.

The fixed-rate market remains volatile. Five-year flat fixed rates from the societies have continued to be withdrawn and

the only one left is the fixed-rate bond from Britannia, offering 8.25 per cent from £2,500.

With a minimum investment of a competitive bond, maturing on September 30 1998, it pays 8.5 per cent from £2,000 with a monthly option available, paying 8.25 per cent from £5,000.

Five-year escalator bonds remain popular. The best now available is from West Bromwich. A minimum investment of £1,000 pays 7.5 per cent in the first year, rising to 11.5 per cent in the fifth.

Christine Bayliss, Moneyfacts

## HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate	Int. paid
<b>INSTANT ACCESS A/c's</b>					
Portman BS	Instant Access	0202 282444	Instant	5.00%	Y/y
Bradford & Bingley BS	Instant Premium	0345 248248	Post	5.10%	Y/y
Selkirk BS	3 High Street	0756 700511	Instant	6.10%	Y/y
Northington BS	Post Direct	0302 481444	Post	5.90%	Y/y
<b>NOTICE A/c's and BONDS</b>					
Bradford & Bingley	Direct Notice	0345 248248	30 days	6.00%	Y/y
Northern Rock BS	Postal 60	0500 595000	60 days	6.50%	Y/y
Universal BS	1 Yr High Option	081 222 0872	90 days	6.50%	Y/y
Newcastle BS	News IV	081 261 6622	30.9.98	6.50%	Y/y
<b>MONTHLY INTEREST</b>					
Britannia BS	Capital Trust	0638 391741	Post	5.37%	M/y
Bradford & Bingley BS	Direct Notice	0345 248248	30 days	6.30%	M/y
Scarborough BS	0800 595078	90 Day	120,000	6.75%	M/y
Newcastle BS	News IV	081 261 6622	30.9.98	6.25%	M/y
<b>TESSAs (Tax Free)</b>					
Market Harborough BS	0658 463244	5 Year	50,000	7.50%	Y/y
Hindley & Rugby BS	0455 251234	5 Year	25,000	7.25%	Y/y
Holmesdale BS	0737 245716	5 Year	21	7.15%	Y/y
Nottingham BS	0602 481444	5 Year	21	7.10%	Y/y
<b>HIGH INTEREST CHEQUE A/c's (Gross)</b>					
Woolwich BS	Current	0800 400900	Instant	5.50%	Y/y
Halifax BS	Asset Reserve	0422 335333	Instant	5.50%	O/y
Chelso BS	Classic Postal	0800 717515	Instant	5.75%	Y/y
<b>OFFSHORE ACCOUNTS (Gross)</b>					
Woolwich Guernsey Ltd	International	0481 715735	Instant	5.75%	Y/y
Portman Channel Ltd	Instant Gold	0481 822747	Instant	6.20%	Y/y
Dorchester (CMA) Ltd	90 Day Notice	0624 653432	90 Day	6.50%	Y/y
Yorkshire Guernsey Ltd	Offshore Key	0481 710150	180 Day	7.00%	Y/y
<b>GUARANTEED INCOME BONDS (Net)</b>					
Liberty Life	081 410 8210	1 Year	£10,000	5.30%	Y/y
Premium Life	0444 458721	2 Year	£1,000	6.00%	Y/y
General Portfolio	0279 462639	3 Year	£20,000	6.70%	Y/y
Premium Life	0444 458721	4 Year	£1,000	7.30%	Y/y
Equities	071 454 0165	5 Year	£10,000	7.80%	Y/y
<b>NATIONAL SAVINGS A/c's &amp; BONDS (Gross)</b>					
Investment A/c	1 Month	220	5.25%	Y/y	
Income Bonds	3 Month	22,000	6.50%	Y/y	
Capital Bonds H	5 Year	£100	7.25%	O/y	
First Option Bond	12 Month	£1,000	6.00%	Y/y	
Pensioners GIB	6 Year	£500	7.00%	Y/y	
<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>					
41st Issue	5 Year	£100	5.40%	O/y	
7th Index Linked	6 Year	£100	3.00%	Y/y	
Childrens Bond F	5 Year	£25	7.35%	O/y	

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity, N = Net Rate, P = Pay Rate only. A = Passer account also required. B = 7 day loss of interest on all withdrawals. G = 6.75 per cent on £200 and above, 6 per cent on £25,000 and above. H = 6.75 per cent on £25,000 and above. Source: MONEYFACTS. The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0882 500077. Figures compiled on: 25 August 1994

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SAVE & PROSPER

## FINANCE AND THE FAMILY

# Cutting the risks when you take out a pension

Debbie Harrison examines ways to make it less of a gamble

**D**o you know what risks you are taking with your personal pension investments? Probably not, because life offices do not explain fully the risks associated with their products and some of the guarantees offered are anything but rock solid.

If you intend to make substantial contributions to your individual pension plan, it is possible to control the level of risk by running your own portfolio or appointing a stockbroker to do this for you. Self-invested personal pensions (SIPPs) – and, for small businesses, small self-administered schemes (SASSs) – provide this flexibility.

Where you do not have a substantial pension portfolio and expect to contribute less than £10,000 a year, however, the fixed costs of a SIPP are prohibitive and you should go for a standard personal pension.

Most providers offer a range of pooled funds that span the risk spectrum, starting with the full guarantee offered by deposit funds; working up through the quasi-guarantees offered by with-profit funds; and culminating with the higher risk unit-linked, unit trust and investment trust funds.

While the investment risks associated with the top and bottom ends of the spectrum can be understood readily (even if the charges are not), there is considerable confusion about the middle ground – the funds that offer a partial guarantee at a price.

Conventional wisdom argues that these funds are suitable for the more nervous investor

and for those approaching retirement. With-profit funds, and the unit-linked version, still form the backbone of the individual pensions market due to the apparently high level of stability offered through the build-up of guaranteed annual bonuses.

Over the past decade, though, these products have mutated into a far riskier vehicle than many realise. A series of changes to the traditional with-profit concept has undermined the guarantee and, in most cases, between 50 per cent and 70 per cent of the final pay-out is discretionary.

Unit-linked with-profit funds do not even offer a basic guaranteed sum assured, while the fund actuary retains the right to renege on the guaranteed annual bonuses if there is a run on funds during a stock market crash.

Add to this the spate of bonus cuts experienced over the past few years – which is expected to continue – and there must be a serious question mark over the ability of all but the best of these funds to perform.

Now, there is an alternative: guaranteed equity funds, which use derivatives to guarantee a percentage of stock market growth or to guarantee



the unit value of fully-invested funds. Derivatives have been used for some years by institutional pension funds but are relatively new to the retail market, with only a dozen or so providers offering guaranteed funds. Most funds so far are index trackers, where part of your investment is used to buy a call option to secure a percentage in the index rise while the rest is put on deposit to provide a guaranteed return. A few providers, including Mercury Life and Provident Mutual, run actively-managed funds. The choice between index tracker and active management depends on which you

think will perform best over the guarantee period. Several providers, including Manor Park and Provident Life, offer a choice of guarantee levels. Provident also offers a choice of index links, including the FT-SE 100 and the more common FT-SE 250. But investors interested in guaranteed funds will find the selection confusing. Each fund offers different guarantees at different costs, so it is difficult to compare like with like. Societas argue that derivative-based funds are so complex that few independent financial advisers really understand them. Shaun Coleman, derivatives

specialist at Morgan Grenfell, disagrees. "A good IFA should be capable of breaking these products down, identifying the component parts and working out how much they cost in the market," he says. Essentially, there are two key elements to consider. First: what level of performance or what percentage of the index is actually guaranteed? Second: what is the cost? To provide the guarantee, an investment manager usually buys a call option or, more rarely, might use futures to hedge the portfolio. The cost of these derivatives is added to the total charges. Regarding performance, it is

important to look at both capital growth and dividend yield. A common problem with some of the index tracker funds is that they guarantee the capital growth but use the substantial dividend yields to buy the option.

Actively-managed funds reinvest the dividend yield and should, in theory, provide a better return assuming that the manager outperforms the index. The cost here is likely to be between 1 per cent and 1.5 per cent a year on top of the usual annual charges.

If you need to retain access to your money, you should examine the penalties for early surrender. Some funds lock in gains each quarter, which provides greater flexibility than the one year lock-ins. But the call option guarantee price is more expensive – and you must pay for this flexibility.

So, who should use these funds? Andrew Warwick-Thompson, head of partnership pensions at actuarial consultants Bacon & Woodrow, says: "Guaranteed products should be used only in the run-up to retirement to lock in to gains and to protect against price volatility. Until then, ordinary equity funds offer a better return because you are not paying for the guarantee."

Warwick-Thompson is convinced that, in this capacity, guaranteed funds are better than with-profits. "Guaranteed funds offer protection at a price, but at least you know exactly what you are getting and how much it costs. The returns on with-profits funds are almost entirely at the discretion of the actuary." With-profit charges also tend to be obscure, particularly on traditional contracts.

## BT tempts customers

How much do you save? (£)	
Total direct-dial calls at basic rate	144.00
Less 15%	21.60
Less 15%	122.40
Add line rental	20.16
	142.56
Add VAT	24.96
	167.51
Add 5% PremierLine fee	8.38
	175.89
A. Effective total bill with PremierLine	140.00
Previous charge for calls	188.16
Out with the booklet "Introducing BT PremierLine"	14.87
Reduction with PremierLine (B-A)	7.89
Reduction as % of bill B	8.6%

The table shows rates based on two examples of quarterly bills. The calculations are approximate and assume that all the direct-dial calls qualify for the 15% discount. \*After automatic discount

**B**ritish Telecom is offering customers a new discount service. "With 15 per cent off, our best customers now make the biggest savings" is the headline on a BT letter mailed out with the booklet "Introducing BT PremierLine". But, as the detailed conditions explain, the 15 per cent discount does not come off the bottom line of the telephone bill. It reduces the basic unit rate for local, long-distance and international calls dialled direct. For calls to mobiles and information or entertainment lines, the discount is 10 per cent.

PremierLine costs £24 a year, which has to be paid in advance and also covers various minor extras such as "talking points", with each £1 of the (ex-VAT) telephone bill gaining points towards gifts or air miles. All PremierLine customers start with 500 free talking points, so they could be reasonably sure of securing the minimum gift of a weed-grubber worth 510 points.

PremierLine is not the only BT discount scheme. There is also Option 15, offering a 10 per cent discount for a £16 annual fee, paid quarterly. A friends and family scheme gives 5 per cent discount on calls to five selected numbers (one can be overseas) for a one-off fee of £4.99. Combined with Option 15 or PremierLine, this can raise the discount on the chosen numbers to 15 per cent or 20 per cent.

Are the discounts worth it? A quick look at your last telephone bill will supply most of

the answers. BT bills show a total for direct-dialled calls at the basic rate. If this is consistently at least £40 for the quarter, you could be close to break-even point for both Option 15 and PremierLine. Obviously, a 10 per cent discount on £40 covers the £4 quarterly fee for Option 15. And a 15 per cent discount on basic-rate call charges of £160 for the year meets the £24 PremierLine fee. But the break-even point will be higher for people making frequent calls to mobile phones or other lines where the discount is lower.

BT's automatic discounts begin once call charges exceed roughly £50 at the basic 42p per unit rate. The exact amount varies, depending on the number of days in the quarter.

The next £200 worth are at 3.95p (5 per cent off), and units past £250 are at 3.66p (6 per cent off). So, the range of its talking points, so they could be reasonably sure of securing the minimum gift of a weed-grubber worth 510 points.

To get a rough idea of the real saving likely with PremierLine, knock 15 per cent off the last bill's quarterly total of direct-dialled calls at basic rate, and add line rental (£20.16) and VAT. Then add £6 for a quarter of the £24 fee and compare the result with the final total from the last bill.

As the table shows, real savings are likely to be about half the 15 per cent publicised rate.

Barbara Ellis

## Different schemes and how they work

**Option guarantees** Shaun Coleman, derivatives specialist at Morgan Grenfell, gives the following example (which does not include charges).

Options essentially give you the opportunity to look back and say "If I had only known..." In the case of a simple five-year equity bond, someone investing £100 could be offered back a guaranteed £125 or the rise in the index, if greater.

To achieve this, the manager buys a call option on the FT-SE 100 index worth 16 per cent of the investment (ie, £16). This gives the manager the right to buy £100 worth of equity market increase over 5 per cent in five years' time.

The remaining £84 is invested in a five-year deposit at 8.5 per cent and, after five years, is worth £125. If the

market falls, you get the £125 and the call option is worthless. If the market rises, say 27 per cent, you get the £125 from the deposit plus the excess in the rise over 25 per cent – ie, 2 per cent – providing a total of £127 at maturity.

Most guaranteed pension funds also offer the chance to lock in to gains at regular intervals. Quarterly lock-ins usually are more flexible but more expensive than the annual version.

**With-profits** Traditional with-profits funds invest in UK and international equities, gilts and fixed-interest securities, plus property. In addition to a guaranteed sum at maturity, the life

office adds annual bonuses that also are guaranteed. These bonuses are "smoothed" – that is, the actuary retains some profits in good years to maintain a fairly consistent return in bad years.

On top of this there is a final bonus, which is discretionary and tends to reflect recent performance. This used to represent about 30 per cent of final payout but today it represents between 50 and 70 per cent, so the guaranteed element has been slashed. The main charges are not explicit but are deducted from the fund before the bonus rate is declared.

Unit-linked with-profits have almost entirely replaced traditional with-

profits. With these, there is no sum guaranteed at maturity and annual bonuses are applied by increases to the unit price or the number of units. Some, but not all, providers guarantee a minimum increase, usually of 4 per cent. There is also a terminal bonus which is determined by the fund actuary.

Charges are more explicit than on the traditional version and include a bid/offer spread, an annual charge, and a capital levy – an extra charge made in the early years to recoup the cost of commission paid to advisers.

**Equity-linked funds** If you want exposure to the stock market and do not need the guarantee, then there are two main pooled

fund choices. In each case, the value of your units fluctuates in line with the underlying assets.

Unit-linked personal pensions are available from more than 100 life offices, which offer a wide range of UK and international equity funds. The most popular choice is the managed fund, which invests in a range of the provider's other main funds. Charges include a bid/offer spread, an annual management charge, administration fees and the capital.

Unit trust personal pensions offer a similar range of funds to unit-linked plans but are available from only a handful of unit trust groups; these include Gartmore, Invesco Fund Managers and Rothschild Asset Management. Charges are transparent and do not include the capital levy used by life offices.

## Cashback: the Revenue replies

**I**f you are choosing between different types of mortgage incentives, one significant tax question remains unresolved. Lenders have been encouraging borrowers to take variable rate mortgages by offering a lump sum cash payment or a discounted rate for a limited period. In general, the discounted rate tends to offer better value – but the cost of moving home are such that many people choose the cash.

The problem is that the Inland Revenue has not said clearly if these cash payments are taxable.

Only in the case of the Cheltenham and Gloucester's Cashback scheme – details of which were submitted by the society – has the Revenue said tax would be payable as a capital gain if borrowers had used their annual £5,800 CGT exemption.

Now, however, the Revenue has agreed to answer questions from the *Weekend FT*.

Q. What is the logic behind taxing the C&G cashback as capital gain? Some accountants believe the cashback payment should be treated as a reduction in the borrower's total interest paid for the tax year, and their mortgage relief reduced accordingly.

A. Under the C&G scheme, borrowers who took out new mortgages on or before July 31 1994 (and have personal deposits with the society) were entitled to receive in cash a certain percentage of the amount borrowed from the society. This is clearly a contractual arrangement between C&G and the borrower. The receipt is a capital sum derived from the contractual right. It is, therefore, chargeable under Section 22 (1) of the Capital Gains Act 1982.

If the cashback were a rebate of interest, the borrower's entitlement to mortgage interest relief would be reduced accordingly, and it would be up to the lender to operate the Miras arrangements on the reduced amount of interest. But we are not aware of such schemes.

Q. Other accountants say that since the C&G cashback is conditional – the borrower would have to repay it if they redeemed the mortgage within three years – it cannot be treated as a gain until the three years are up instead of the year in which it was taken. What is your view?

A. The cashback is treated as a capital receipt chargeable to CGT in the year it is received. If, in the event, it was repaid,

we would look at this in the context of Section 49 TCGA (contingent liabilities) and whether the borrower would then be entitled to make a claim under sub-section (2) to have any assessment reduced. Q. Must lenders show you details of their scheme before you can make a decision? Surely the principles are similar with all cashbacks? A. Although the principles may be similar, it is unlikely

that any of the schemes will be quite the same. A proper option cannot be provided without examining the relevant documentation. Q. Presumably if a borrower showed you details of a cashback before taking it out, you would be able to give him a clear answer regarding its tax treatment? A. Unless the borrower had already signed up, we would only be able to advise on

schemes we had considered. But the lender could submit the scheme for consideration. Q. Is there a difference in the tax treatment of a repayment mortgage rather than an endowment one? A. It is unlikely that the type of mortgage involved will make a difference.

Scheherazade Daneshkhu

BUILDING SOCIETY INVESTMENT TERMS									
Branch of Society	Product	Access	Rate	Rate	Interest	Minimum	Access and other details		
Alliance & Leicester	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
Barclays	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
Building Society	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
Crest	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First Direct	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First National	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First Republic	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First Tower	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First Union	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First Western	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First Yorkshire	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 110	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 120	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
First Zenith	Special Edition	£100	7.20	7.20	5.00	5.00	Ytd	1,000-250,000	Rate variable
	Home 90	£100	6.80	6.80	5.10	5.10	Ytd	1,000-250,000	Rate variable
	Home 100	£100	6.80						

## PERSPECTIVES

## Minding Your Own Business

## A smarter breed of scarecrow

Clive Fewins is told that only three things matter in business

It was a chance sighting of a fallen beech leaf moving in the wind that gave Charles Tweedie the final thrust to produce what he calls the only range of hardy all-weather scarecrows for commercial use available in this country.

He had been racking his brains on how to develop a silent bird scarer to complement his range of range of noisy electronic bird deterrents.

"The electronic devices are all excellent deterrents, but I felt there was potential in the bird scarer market, to compete with the noisy, and rather unsatisfactory gas guns," said Tweedie, managing director of Phoenix Agritech of Little Hereford, Ludlow, Shropshire.

The results were Whirly Oxidge, Spinnny Mawkin and Major Twirly Tatty-Bogle, three 6ft 4in-high creations of strong pvc sheet stretched over a lightweight aluminium and steel frame.

They have attracted a great deal of attention in the agricultural community since their public debut at the Royal Show in July, but so far have earned their creator very little money.

It is the constant movement - like a fallen leaf - that distinguishes Tweedie's rather sinister-looking scarecrows from the army of dispirited rogues that have become a rare sight in fields in recent years.

"Farmers have traditionally thought that gas guns - those devices that look like small cannons - would do the job, but my research suggests these devices are ineffective after a few days because the birds grow accustomed to them," Tweedie said.

"Because my scarecrows are mounted on swivel bearings and the metal skeleton has an aerofol shape, they move in the slightest windbreakthrough will be when we can convince the farmer that a return to the good old-fashioned scarecrow will add to his anti-bird armoury."

The Phoenix family of three wind-powered revolving scarecrows is also aimed at vine growers, fish farmers, fruit yards, golf course proprietors, shoots, and other sporting applications.

It is also possible to have a fourth "fun" member of the family - a personalised version with a photo of a face of the purchaser's choice superimposed. All the models are predominantly white because it is acknowledged as being the best colour for the job.

Phoenix Agritech started trading in August 1992 and also produces the Phoenix Maxi-Walker, which is battery powered and cheaper to run than gas bangers, with the option of eight speakers which can function up to 100 yards away.

"At the beginning of the year, I thought the time had come to broaden my product range," said Tweedie.

Phoenix is so named because it rose from the ashes of a small Welsh borderlands electronics company producing automatic calf-feeding machines and pest control equipment.

Tweedie acquired a controlling interest in the company in 1986 after spending two years trying to decide on his future following redundancy as managing director of a large poultry subsidiary of the Vestey group.

"I had been with the Vestey group for 14 years and had controlled a company with a £80m turnover, two factories and 1,150 employees," said Tweedie, 50, a former soldier and diplomat. "When the end came in 1987 my salary was just under £50,000 and included a string of company benefits. In the following two years I earned £6,000 through consultancy. It was a painful adjustment."

Several opportunities passed by until eventually, in May 1989, with the agreement of his wife Susan and three teenage children, Tweedie sank £50,000 of his redundancy money into the electronics company.

The venture failed - but not before Tweedie had invested further "substantial sums" in the venture. "I realised I had made the mistake of investing in a company that had too much debt in its balance sheet," he said.

A further venture into a software company that failed lost him more money. He estimates



Part of the family: Charles Tweedie with his revolving scarecrows

Alec Johnson

that his losses in the two companies totalled more than £100,000.

"At that stage I was at my lowest, but I still had faith," he said. The family had moved from a home in Derbyshire to a hamlet near Ludlow, an area which they all loved. So despite the failure of the agricultural electronics company in which he had staked so much, Tweedie decided not to move.

He had space in the stables at the back of the large Victorian brick house, and good local contacts. He also had a wealth of financial and management expertise and a good knowledge of agricultural pest control equipment.

He managed to find a company 15 miles away that could assemble the electronics in what became the Phoenix Waffer Ltd deterrent, and with a little more difficulty was able to get the heavy duty waterproof housings for the product made in Italy.

Two other versions of the Waffer and the Phoenix "rational rodent deterrent" were added to the product list. The Phoenix range now numbers

129 products including accessories, and with the exception of the plastic housings all the items are manufactured by seven companies within a 30-mile radius of Tweedie's home.

Controlling his empire takes 60 hours a week but after years of turmoil Tweedie finds himself happy and satisfied - particularly when driving the three miles to the river Teme for an evening's fishing.

"Turnover in the first year was £59,000, and we are running at about £75,000 in our second year. Profits are virtually nil but we are surviving," he said.

"We have made sales to Japan, Belgium, the Netherlands, the Middle East, New Zealand, Canada, South Africa and Ireland. Our gross margins are very healthy, and with our low overheads I am sure we can make very good profits."

The next task is to clear a £5,500 overdraft and achieve sales growth. Tweedie continued: "There are 40,000 arable farmers and 10,000 horticulturists in the UK and if they all were to buy three of our scarecrows at £39 each plus VAT that would be excellent business."

"The strange thing is that if I was running a big business along the way I am running Phoenix I should be making a fortune for my employees. It is only since working for myself that I have realised that there are only three things that really matter in business: margins, overheads and cash flow. I honestly did not see that when running a multi-million pound company."

Phoenix Agritech (UK) Ltd, Lower Upton, Little Hereford, Ludlow, Shropshire SY3 4BB. Tel: 0584-711701.

As They Say in Europe  
Singing those old Danube blues

Just as Europe has been in a state of flux in the last five years, so has Europe's attitude towards itself. The present influences the past, old myths retire and entirely new myths rise to take their place.

The myth that has taken the biggest battering is familiar to students of modern history: that of plucky little Serbia striving for national independence and providing the heartland of South Slav unity. In 1914 Serbia took on the Austro-Hungarian empire which replied in such a manner as to unleash the first world war on an unsuspecting Europe.

The events of the past couple of years have led to a steady rewriting of that version of history. This is not the result of a plot on the part of revisionists, but rather a change of heart in the minds of people, informed and ignorant, assume that what is apparently so obvious today was always true: the Serbs are motivated by insane great-power ambitions which they periodically visit on their luckless neighbours.

One sees old film footage of June 1914 reinterpreted as the innocent Archduke Franz Ferdinand going to the doom so irresponsibly plotted by Serbian terrorists. Sarajevo, then as now, becomes the site of Serb savagery, or stupidity. New books tell us of the glory that was once Bosnia, not an administrative convenience as the three people who had heard of the place had supposed, but a true nation of cheery peasants of different faiths and unbounded freedom, a Balkan beacon in fact.

This new European history has been seized on by the Austrian press. For months now there has been a wave of interest in the history of Bosnia which enjoyed 40 years of benign rule from Vienna from 1878.

Newspapers publish conversations with those who remember the good old days, and the demands of those too young to remember but who

would gladly return Bosnia to a resuscitated empire. It is a bit like the tales of India one used to read in the British press recounting the natives' supposed nostalgia for imperial rule, but carries greater force.

Thus the other day the *Kronen Zeitung*, a Vienna tabloid, ran the headline, "How Bosnia was once part of Austria!" It concerned an exhibition at the Ethnographic Museum in Schloss Klitsee on the Hungarian border. Bosnian history is now integrated into the Austrian concept "our glorious past". The paper publicised the occasion as a last chance

to see its culture before it disappears. The day before, the main broadsheet, *Die Presse*, reported on another exhibition that has run this month in the National Library in Vienna. It is in fact a reproduction of what was supposed to be a permanent war exhibition which opened in August 1915. The idea at that time was to provide both a running commentary on the war and a focus for patriotism and enthusiasm.

Today's version consists of ephemera - battlefield postcards, children's drawings, posters and propaganda. Of particular interest, and some pride, to the reporter was the evidence of native ingenuity in the way everything was pressed into service for the manufacture of ersatz materials: fruit stones for oil extraction and women's hair for making belts.

The Great War is becoming one of those rather neutral historical events, not as meaningless as the War of Spanish Succession to the modern student but a bit like the Crimean

War is to the British. I have lived in Vienna on two occasions, many years apart, and in neither of those periods was it done for the media to make too much of Austria's glorious colonial past or the achievements of its peoples in the Great War. Nostalgia is the lifeblood of the city but it has concentrated, publicly, on imperial and royal pomp and, privately, on the Third Reich ("We could go all the way to Bratislava on one tram without any border controls").

Today the empire itself is often perceived as a model for the troubled south-eastern corner of Europe. But history is not about to repeat itself. In spite of the integration that is taking place - Austria is the largest foreign investor in Hungary (64bn in 1992) - Vienna's eyes are firmly fixed on the west. That is a result of the cold war and the Euro-frenzy in the wake of the positive referendum result. Meanwhile, the nation is fed up with its one-time colonies and does not much care for their peoples.

Last week there was a meeting in Austria of governments which will join the EU in January and those of the central European candidates. The European Commission was there and the emphasis was on the opening to the East. *Die Presse* doubted that Austria was really going to play its expected role of intermediary on behalf of its eastern neighbours. It will not be an easy role.

The four main parties are at odds with each other, as usual. "Poles, Czechs, Slovaks and Hungarians no longer speak with one tongue... so the turn-of-the-century deadline for widening the EU is unrealistic," it wrote.

Nostalgia is all very well, but if there is to be a resurrection of the Empire, it will be without Austria.

James Morgan is economics correspondent of the BBC World Service.

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creditors of the above-named company will be

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10.30am for the purposes mentioned in Section

94, 100 and 101 of the said Act.

A list of the names and addresses of the

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charge at the offices of KPMG Peat Marwick

PO Box 730, 20 Farnborough Street, London

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Dated 23 August 1994

By order of the Board

A J McKeown - Joint Liquidator

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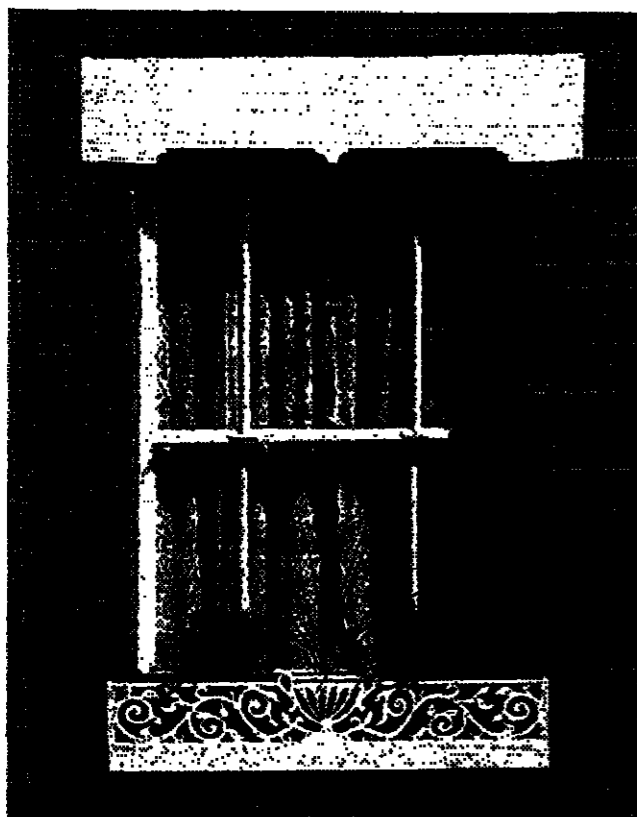
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## HOW TO SPEND IT

## Designs for the garden



Decorative facade for windowboxes



Customised headboards for adults or children

Since I last wrote about Frolics of Winchester, a small company with an individual approach to designing everything the well-dressed garden needs, it has expanded its range. Its chief claim to our attention was its use of a material called Medex, made from a strong and versatile mix of 85 per cent wood fibre and 15 per cent resin.

Because Medex lends itself to easy cutting, Frolics developed a series of interesting garden benches and trellising.

There is now a much fatter catalogue, a larger range of garden seating (simple and straight, curved, circular for going round a tree, and a corner seat) and tables (round, octagonal, rectangular and with a variety of bases) as well as bed headboards and decorative facades for window-boxes,

both photographed here. The headboards can be custom-made and designed for adults or children. Prices range from £170-£280 (excluding VAT and delivery).

Frolics sells both the window-box (£40) and the decorative facade photographed here in dark green, grey green, dark blue or white (£45, 3-ft long), or any other colour for an extra £7.

Finally, not photographed, but very dramatic are Frolics' perspective arches they make a striking focal point, particularly suited for small walled town gardens (£56-£120).

For details and a catalogue write to Frolics of Winchester, 82 Cannon St, Winchester, Hants, SO23 9 JQ, 0962-856384.

L v d P

When Marc Vlesing, a media consultant and film producer working almost entirely from home, wanted a new desk to cope with the screens, computers, cables, and machines that were cluttering his work-surface, he found, to his astonishment, that there was almost nothing on the market that met his needs. Or rather, nothing that cost less than about £4,000.

He started by going to Habitat and then to an office stationery store ("Have you seen what they have to offer?" he explodes. "It's as if they were still operating in the 1950s") but neither came up with anything of the size and quality he was after.

The desks in the furniture stores tended to be not big enough to cope with the serious amounts of technology the up-to-date homemaker needs, including a screen, fax machine and printer. Those in the catalogues of the office furniture companies were mainly aimed at the purchasing managers of large companies and were quite unsuitable for any domestic environment.

Some furniture retailers, it is true, specialise in desk systems, all clearly aimed at the "executive" market but these tend to be over-designed and are usually prohibitively expensive. All of which seems odd in the light of the fact that more and more people are working from home (The Henley Centre suggests that there are already 300,000 teleworkers and that by 1995, 2.5m people will be working from home). While the computer companies have moved fast in supplying affordable, powerful computers suitable for home-use as well as attractive software, the furniture to go with it has lagged behind.

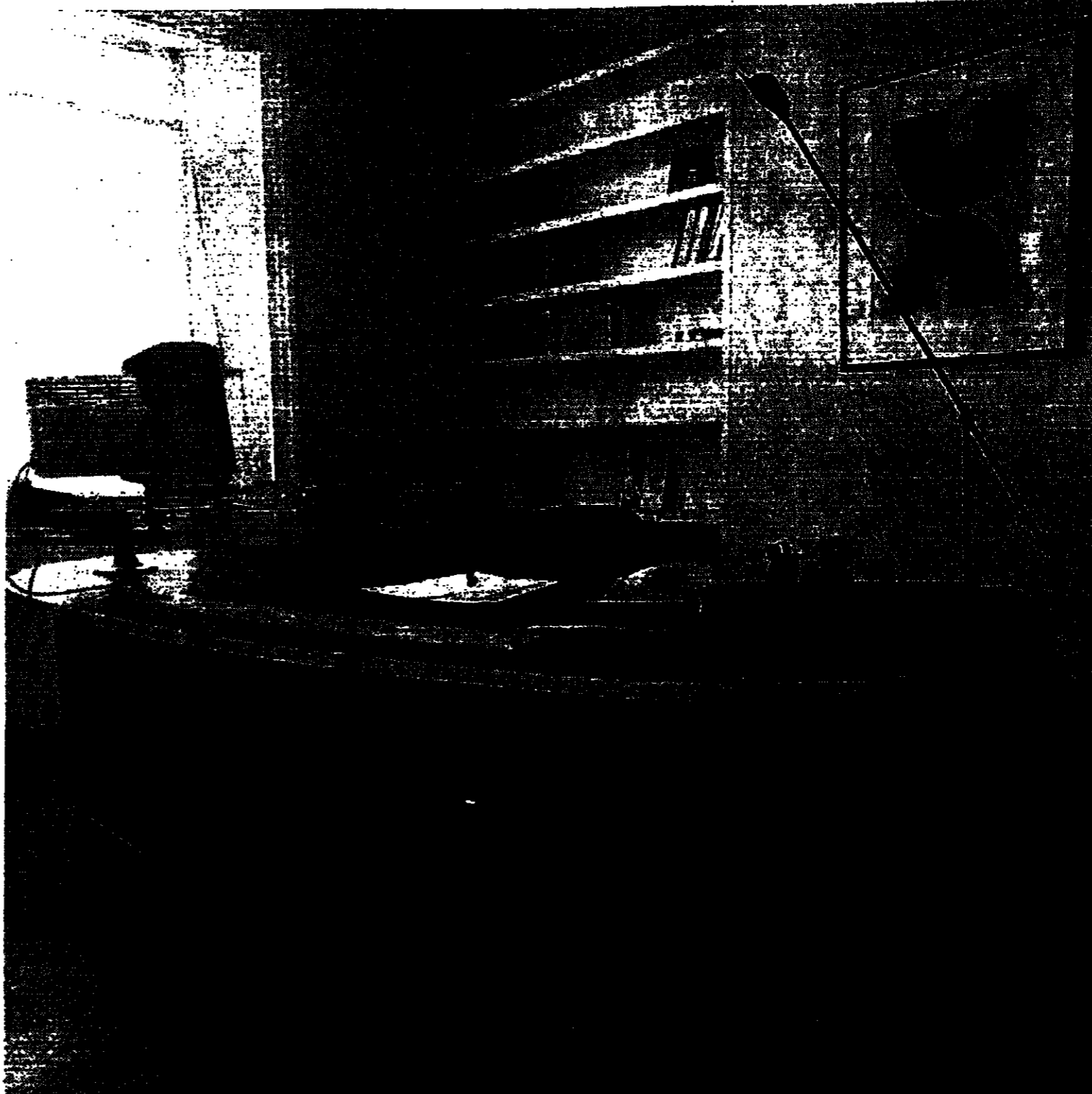
Vlesing decided there was nothing for it but to get cracking himself. He approached Oliver Peake, an interior and furniture designer, and together they set about trying to produce something that was good to look at, large enough to meet Vlesing's needs and not too expensive. What they came up with is photographed here - as you see it gets away from the rather boring square desk with cabinets on either side which are standard office issue. It has curving lines, good materials and finishes, and an altogether pleasing look.

Vlesing calls his system "Desk". It consists of the desk pictured here and a satellite filing station, seen here in the far corner of the room. Included in the price of £2,500 are all the filing systems and the drawers but none of the equipment.

The hard disk and printer fit on to sliding shelves and, in this version, the satellite filing station holds the fax machine. The monitor screen sits on an extendable arm so that it can be used at eye-level and be moved in and out of the way.

The basic structure is MDF (medium density fibre, a relatively inexpensive, stable material much used in the furniture industry) with aluminium cladding. The filing cabinets and drawers are aluminium clad, brushed and lacquered and the work-top is a linoleum-like material called Desktop. It is photographed here in a pale grey finish but Desktop comes in 12 different colours. A maple trim on the top of the worktop hides the cables and also functions as a pencil-holder.

The desk top is raised on four steel columns through which the cables run. The printer and the computer are both on sliding trays in the cabinet,



## Ideas above his workstation

Lucia van der Post finds that desk design is catching up with office technology

and are very accessible. Both the desk and the filing station have industrial trolley wheels so that they can be moved easily. It is available to order only. Anybody who is interested should contact Oliver Peake on 071-375 0570.

If all that sounds a bit elaborate for you, you could, of course, just settle for a large table. Ikea stores, for instance (255 North Circular Road, London NW10 0JQ for mail order inquiries) has the simplest of table tops (unfinished spruce, pine, birch or a mixture of all three, £21) on trestles (£20 each) which add up to the princely sum of £61. A thing of beauty it is not but it is certainly serviceable,

straightforward and entirely unimposing. You could then add a drawer unit on castors for another £80 and be done with it.

Another, prettier solution, for technophobes who are still working mainly with paper and pen and perhaps have just a simple PC and telephone and do not mind the few cables they have being on show, is Castellan Italia's Rondo desk - in walnut or cherry with three little drawers. It would fit into almost any home but at £1,393 is a real piece of furniture. It is stocked by Atrium of 22-24 St Giles High Street, London WC2.

Aram Designs of 3, Kean Street, London WC2 always has a selection of

clean and simple desks. Possibly the most stylish of all the simple solutions is Alvar Aalto's solid Birch desk with a top veneered in a choice of black linoleum, white laminate, ash or birch. With it comes a pedestal storage cabinet with five, three or two drawers. It costs £787.

Or there is Jasper Morrison's plain-as-plain blond wood table which sells for just £600 and Marcel Breuer's elegantly clean-lined solution, a combination of a black-ash-stained desk top with a crisp five-drawer cabinet attached to the side for £1,322.

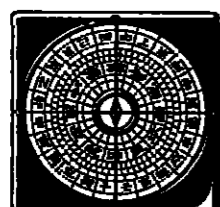
But if simplicity does not solve your problem - if you want the cables attached to the technology neatly and

properly housed, then the prices go whizzing up.

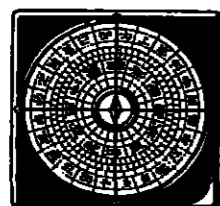
Interubke, the German office furniture manufacturer has a range designed for the home - a bit "executive" for my tastes, it nonetheless is functional, beautifully-made (the top is of Swiss pearwood), keeps all the cabling out of sight and offers a drawer or a plinth for every device you could possibly need. It is a modular system, so you choose the bits you require. A good-sized desk, some cabinets for storage and what is called in the jargon of the office furniture world a "return", would set you back at least £3,500, if not more. The range can be seen at Atrium.

## PERSPECTIVES

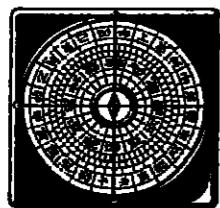
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Martin Ruehl left school in Frankfurt with an academic record which would have made him welcome at any university in Germany.

Instead, as national barriers come down, Ruehl - along with thousands of his countrymen - has decided to study in Britain, where conditions for students are much better, and his fees will be met by UK local authorities. He is one of an increasing number of young Europeans to take advantage of EC regulations enabling them to escape overcrowded campuses in their own countries.

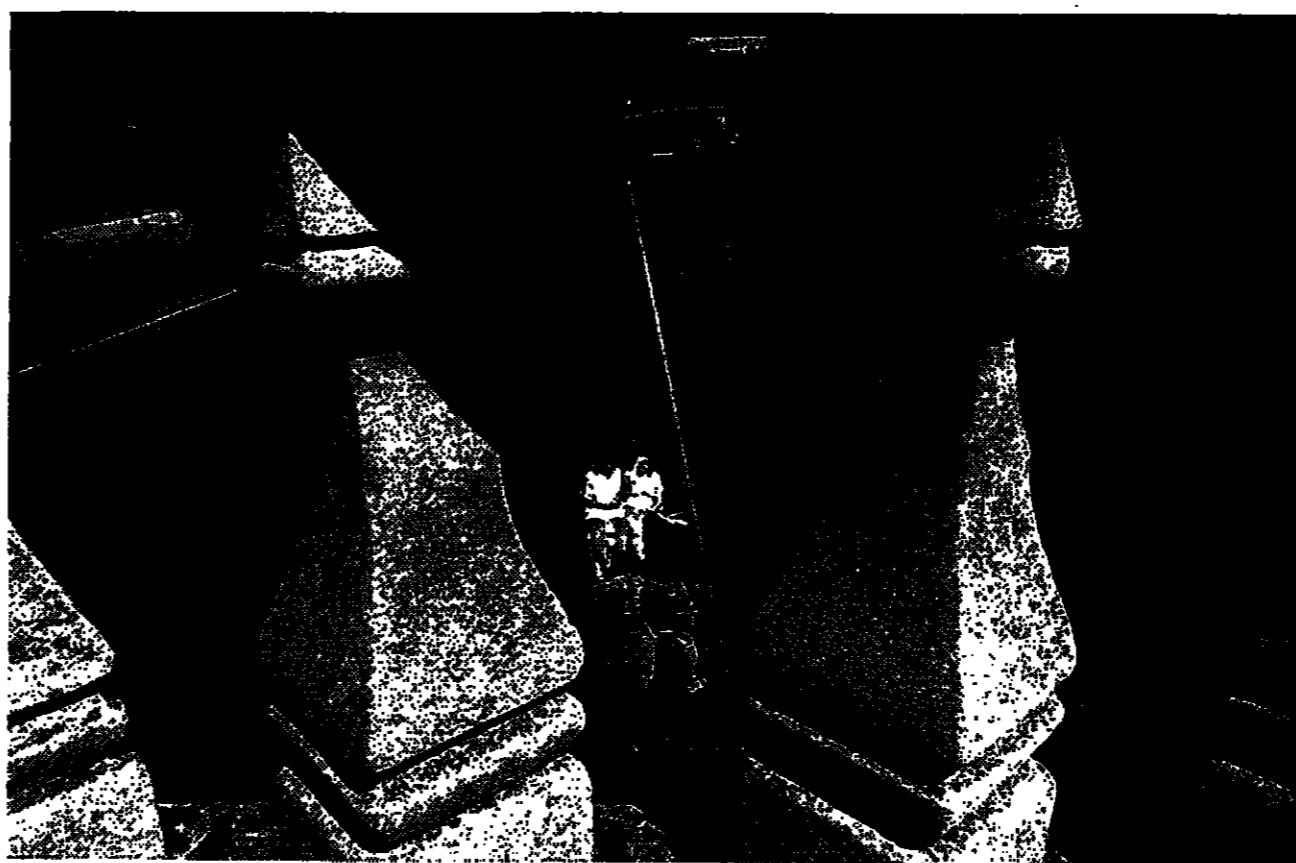
Figures from the Department for Education show that the number of continental EC students at British universities has risen to 35,200, almost seven times the figure a decade ago. The numbers arriving have risen by a quarter in each year since 1989.

The flood of foreign undergraduates is increasing the already stiff competition among British school leavers for the most favoured university places, because there is little incentive for the British to study abroad.

Ruehl, in his second year at Queens' College, Cambridge, explains: "My friends at German universities are scrambling for floor-space in lectures with 800 other people. Here, I get two hours' one-to-one contact with my professor every week."

Some nations seem keener on Britain than others. The Germans are becoming as ubiquitous on campus as they are in holiday resorts. Greeks are running them close, and both groups now outnumber the former leading nation, America. The French, however, are scarcely visible.

Previously, continental Europeans have come to Britain as postgraduates, or as part of a course based in their home countries. But the recent



Taking a punt on a British education: continental students are finding UK universities increasingly attractive and affordable

Alan Harper

## Britain's hire education

Andrew Gilligan looks at the international appeal of UK universities

increase is made up mostly of students choosing Britain for a first degree. They follow the same syllabuses as everyone else; they sit the same exams; many even come complete with British A-levels, taken at sixth-form colleges in the hope of improving their entry chances. Most importantly of all, under EC rules their fees are paid by the British local authority where they study.

For the cosmopolitan, multi-lingual children of the European bourgeoisie, it is a bargain. "British higher education is idyllic, Elysian compared to most European systems," says Judie Cole of the German Academic Exchange Service, a London-based agency which advises those wishing to study in the UK.

In an odd inversion of the normal rules, continental European students travelling

across the English Channel are wafted from a struggling, utilitarian world of dormitory beds and plastic cutlery into a privileged, even sybaritic, existence of private rooms and personal tuition.

The continental tradition of accepting for degree courses all who pass a school-leaving exam may be egalitarian, but it also brings overcrowded halls, impersonal teaching and, say many, academic mediocrity.

"You are just a number," says Cole. "Many have never spoken to their teachers."

Students must sometimes sit through a morning of lectures outside their subjects in order to be sure of a place for the afternoon. Unlike in Britain, drop-out rates are high.

British universities' selectivity, as much as their comparative luxury, is the attraction for the bright and ambitious. "A British degree marks you

out from the crowd," says Ruehl. "German employers know it's tough to get in."

A three-year BA is a quicker way of showing your mettle than the traditional continental route of a further degree, rarely accomplished in under six years.

Universities are happy - and perhaps slightly flattered - to welcome their clever new applicants. Dr Graham Richards, senior tutor of Brasenose College, Oxford, wrote in the university's magazine that they were "likely to become a major part of our admissions" from which "the university can only gain".

For British universities' traditional customers, however, the academic migrants are a threat. Every place for a continental high-flyer means one less for a British student. As yet, the numbers are too small to matter much, but Dr Richards predicts that "if in 10 years, 25 per cent of our intake was from the continent, the British parent who has paid large public school fees in the hope of buying an easier route to Oxbridge may begin to squeal".

Dr Richards' forecast is a long way from fruition: 400 Germans at Oxford is still not many in a university of 13,000. But the cross-channel students, many destined for their countries' elites, already have an importance for Britain's European relations out of all proportion to their numbers.

Ironically, however, the very factors which draw students to Britain in the first place are disappearing even as they arrive in increasing numbers. As high a proportion of the British student-age population now attends higher education as in the rest of Europe; and with the sector's breakneck expansion have come problems, albeit in embryonic form, familiar to any inmate of Bochum, Padua or Grenoble.

Top 500 independent schools, Pages XIV and XV

مكتبة الامم

## FASHION

# Inspired by her memories of the Caspian Sea

Lucia van der Post on the sheer elegance of Shirin Guild

All summer, the suit I have worn most often - the one I have reached for when wanting to be well-dressed enough to face the frock-fancying world without feeling all trussed up - has been a relaxed number I found by chance in Browns of South Molton Street, London W1.

Attracted at once by its air of off-hand chic, its great comfort (the skirt has a full-length flap that gives it a bit of dash and an elasticated band to accommodate lunch at the Caprice) and its excellent price, I did not know then how often I would wear it.

Judged by that old-fashioned editor's adage that the true cost of a garment is the price divided by the number of times you wear it, the suit has cost little more than a row of beans and I have only had it since April. Who designed this marvel, then? An elegantly thin and talented Iranian called Shirin Guild, who now lives in London and is married to Robin Guild, (an interior design consultant once married to

Tricia Guild of Designers' Guild who, it so happens, wears Shirin Guild's clothes much of the time). Her autumn range is as distinctive a collection of clothes as I have seen in a long time.

Most of her fans first become addicted to her clothes after buying one of her sweaters. You may think that a sweater is a sweater is a sweater... until you see Shirin Guild's sweaters. They are voluminous and dramatic - great square shapes with hemlines that dip and sleeves that start somewhere around the elbow. I have never yet worn one without those who have come upon them saying: "Aha, I see you are wearing a Shirin Guild sweater," and those not in the know wanting to know where they can buy one like it.

I think they work best with her own ethnically-inspired trousers - slightly square-cut, often cropped above the ankle, sometimes capriciously-cut rather like baggy Kurdish trousers, but they can as easily be worn with jeans or leggings.

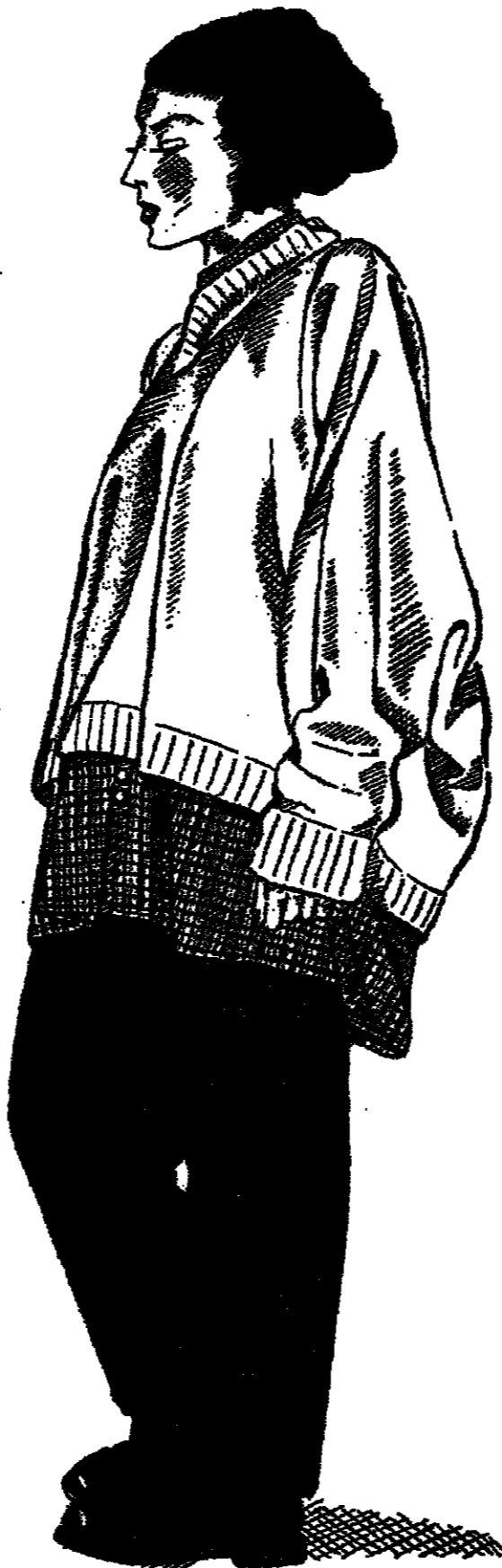
Like Rei Kawakubo of Comme des Garçons and Issey Miyake, Shirin Guild derives much of her inspiration from the traditional indigenous clothing she saw all around her as a child. "I always think," she says, "of those scarecrows by the Caspian Sea wearing great black square coats."

She uses the bold shapes and strong lines ("often peasants simply cut and fold the fabric and then cut holes in the middle for the head") that are the hallmark of the clothing worn by the working people of Iran and this gives her pieces both a strong identity and great comfort.

Though Guild herself wears her own clothes to perfection and she is so thin that she was busy downing pints of creamy milk to fatten up when we met, they are particularly kind to larger women; capacious but having considerable pizzazz.

The collection has a strong handwriting but the pieces do not have to be bought as a package or outfit. Issey Miyake once said: "I love to see people make the clothes belong to them, make them no longer mine, but their own." It could also apply to Guild, for her clothes demand a complicity with the customer. They, too, are "not a finished piece of design until the wearer has made her contribution."

At Browns, Guild's clothes are sold mainly as separate pieces. "The women who buy Shirin Guild's designs tend to have a great deal of personal style and they are confident about mixing her pieces with the clothes they already have," says Françoise Tessier, chief buyer and a director of Browns. Kate Bush, the singer, is a fan, so is the designer Maryse Boxer and a TV anchorwoman from Washington DC who buys the entire collection each season by telephone.



Right: fine lightweight brown checked wool jacket, £335, worn with brown checked wool flap-fronted trousers, a design based on traditional Iranian trousers, £220. Cotton and wool shirt, £220.

Near left: fine brown checked wool trousers, £220, worn with cotton and wool checked shirt, £220 and one of Shirin Guild's trademark voluminous sweaters, this time in finest three-ply cashmere, £780.

Far left: fine black wool double-layered skirt, £180, loose white and black cotton shirt, £205, and a small-sleeved black waistcoat, £235.

All at Browns of South Molton Street, London SW1. Liberty of Regent Street, London W1 has just started stocking Shirin Guild and the entire autumn collection sold out within a week but has now been re-ordered. Other stockists are Pollyanna in Barnesley, Yorkshire; Feathers of 40 Hans Crescent, London SW1; and Linda Dresner of 58/59 Park Avenue, New York.

Drawings by Graham Marsh.

## Me and My Wardrobe Bloomsbury in artist's bloomers

Jane Mulvagh meets Celia Lyttelton

Celia Lyttelton, artist, art critic and traveller, is a throw-back to a Bloomsbury world. Her flapper's bob, preference for short skirts, silk stockings, and brocade rather than sensible shoes and the arts of Albion, created by her coterie of friends, is reminiscent of those rarefied tastes which preoccupied the Bells, Woolfs and Frys half a century ago.

Indeed many of their descendants are her friends and fellow artists and, like them, her decorative surroundings, dress, and reading material are all crafted by them. Cressida Bell painted the silk that covers her cushions, Andre Dubreuil designed the chair in which she sits, Belinda Eades the sconces lighting the room, Craigie Aitchison, Paul Benney and Matthew Spender painted the portraits of "Celia" that adorn the faux-Pompeian villa walls of her drawing room.

Alastair Thorne photographed her in the ball dress given by her friend and former lodger, Lady Henrietta Rous. The wardrobe holds clothes by Georgina Godley, Abe Hamilton, Paul Frith, Cressida Bell, Koji Tetsuno and Bella Freud; all of whom have dined at her Jasper Morrison table.

With unabashed aesthetic confidence and an absolute disregard for the winds of commercial taste, Lyttelton surveys the contemporary art scene; hangs it, wears it and reports on it in the pages of *Tatler* or the Japanese cult magazine, *Le Millenium*.

Her love of the avant-garde is disciplined by an exacting sense of manners. Practicality and comfort are marginalised by her love of ceremony, decoration and humour. She loathes sports clothes and all the sloppiness they engender, denim for its prosaicism, Valentino for his ludicrous and cruel demands on the female form.

There is nothing egalitarian, commonplace or sensible about Lyttelton's taste.

She never goes to shops. "I hate them. They never have anything you want and they are expensive. I only go into them when I am abroad."

"Last month I spent three hours in Issey Miyake's Tokyo store, just admiring the colour combinations." Instead she buys from her friends. "It's so much more fun trying on clothes in Abe's (Hamilton) studio with the sound of sewing machines still putting the seams together or buying a whole load of outfit in Bella's (Freud) sitting room, while she's on the 'phone and friends pop round. Anyway, it's cheaper that way."

Lyttelton's attitude to buying clothes is the same as it is to buying furniture or paintings: she enjoys patronising young talent and "in a modest way, I like helping a designer on his way and helping to set a trend. That's why I like young designers who have not been discovered, so that I can be the only one wearing it. I cannot bear anyone else having something I have."

Apart from clothes from designer friends, Lyttelton, dresses in cast-offs - a Mary Quant mini given to her by George Melly's wife, Diana; a Molyneux inherited from her grandmother; bloomers from the Spanish painter Anna Corbero; an old "Grammy Takes a Trip" jacket from Nell Campbell (of the New York nightclub); and an Ossie Clark skirt - or junk-shop finds from Echoes in Hebdon Bridge or antique shops wherever she happens to be staying.

Lyttelton is "never knowingly under-dressed". Her two extravaganzas are silk stockings of every shade and her custom-made Rigby & Peller black or pink satin bras, deemed a necessity because: "My bosoms are huge and my back is tiny. Every time I went into a department store the assistants just laughed, so Issey (Blow) dragged me to Rigby's."



Frog green suede loons from a second hand store in London's Portobello Road. Vivienne Westwood velvet "Rubens" print T-shirt. Black boots from Red or Dead.



Lyttelton in Issey Miyake ultra marine pleated tunic and trousers, navy suede shoes from Rome. The jewellery in the pictures is either inherited or from Jesse & Laid.

recently that I ripped the tassels off." Instead she is shod by Johnnie Moke, Miranda Morrison, Freud and, when working in her etching studio, by a 1930s pair of white leather ladies golfing shoes worn with a white overall and white opaque tights.

For someone who adores clothes, Lyttelton is blessed with a sense of contentment. "I do not need any more. Anyway people keep giving me their old stuff and once a year I do buy one thing, otherwise there is an embargo. In the end one has too many. I often forget I've got outfits because they've fallen off hangers and lie at the back of my wardrobe and I've lost so many Philip Treacy hats in New York nightclubs."

If she were to have a windfall she would spend it on coloured kid leather gloves from Yves Saint Laurent in Paris, more real silk stockings and a soft leather bag. This unorthodox aesthete would also like to make two pleas: "More gold, like gold sandals. People don't wear enough gold. And the daring mix of colours and patterns, not in a gypsy style, but a more sophisticated one. Oh, and one more thought. No more monochrome black."

Celia Lyttelton in the black and gold brocade bloomers from Barcelona given to her by her friend, the painter, Anna Corbero; a 1930s gold organza jacket inherited from her grandmother, Lady Henrietta Lyttelton; Viscountess Chandos; Johnnie Moke bespoke shoes made from an cut-off oyster and black velvet satin taken from a Dior ballgown.

## TRAVEL

## Galicia marches forward into the past

*Is it celtic magic that makes this area of Spain refuse to become part of the present?*

*Nicholas Woodsworth braves the elements as he tries to find out*

There is some strange power about the damp, green, western-most edge of Europe. I am not a superstitious person. I will run a mile from mystics, astrologers, mistletoe-draped Druids or new agers.

But enrobe me in mist on a sheep-cropped hillside, lash me with a couple of rain-driven Atlantic gales, then set me by a fire in a stone village with a bottle of something strong. In circumstances such as these, I am just about willing to admit that even in today's modern Europe, some old celtic magic is still at work.

How else could you explain Galicia, a place that should not really exist? I can understand rain, moody introspection and an overbearing sense of the past in places further north. West-coast Ireland, the hills of Wales, remote villages in Brittany — all are natural homes for brooding spirits.

But Spain? This is supposed to be the land of hot sun and exuberant passions.

There are many superficial explanations for Galicia's special character. Some cite its remoteness and inaccessibility. It is a long way from the tourist coast and cut off from the rest of Spain by the Picos de Europa mountains.

Others cite its underdevelopment and rural "backwardness", a word that sounds odd in forward-looking Europe until you run into your first Galician ox-drawn plough or solid wooden cartwheel.

Still others put it down to the weather: the unending series of Atlantic squalls and storms that keeps the Galician hills lush and green year-round but discourages mass tourism, economic development and fiery temperaments.

Whatever the reason, it is all as un-Spanish as you could imagine. I still say it is celtic

magic. The Celts arrived in Galicia in the 6th century BC, and have not let go since, despite Roman occupation, Visigoth invasion, Moorish marauding and Franco's fascism.

It is perhaps not inappropriate that Francisco Franco was a Gallego. He shared the same values of devout catholicism, strong family ties and attachment to homeland as his countrymen.

The old ways are still there, but Gallegos have fared better in post-Franco Spain. Today they can pursue their own strongly nationalist credo, speak their own language and ignore the rest of the country and the world precisely as they like.

In fact, much of their considerable energy, as far as I can make out, goes into creating inertia. For no matter what politics Irish, Welsh, Breton and Gallego nationalists profess, celtic blood will out. Their ancient race will continue to march forward into the past, towards history, often bloody and tragic, and towards a soulful, collective tribal memory.

Even the casual visitor will see age-old forces at work, a tug-of-war in which tiny Galicia is pulling itself away from a homogenised Euro-future. Further, it is winning.

□ □ □

The howling wind that blew rain horizontally into Cape Finisterre was too much for me, and I retreated from my lonely cliff-top post overlooking the sea. Finisterre — literally, the end of the earth — is the western-most point of continental Europe, and takes the full force of the Atlantic on its jutting chin. Its lighthouse was not yet lit as I made my way along the Costa do Morte, the coast of death, to the shelter of the fishing port of Camariñas.

Only the suicidal would venture out to sea in such



Concrete houses and wooden wheels: the Gallegos seem happier with the technology of the past

weather, and the harbour was full of boats. But the village itself, in early evening, seemed dead as well. There was not a soul in its streets, bars or shops. Even finding a place to stay was difficult. Here on the wild and storm-battered northern rias (drowned river valleys) provisions for tourists are rarer than they are in the warmer, more protected ones to the south.

But in the Hotel Plaza, a homey place where the elderly

proprietors made space for me by their sitting room fireplace, I solved a mystery.

The entire population was attending a street carnival up at the church to celebrate the coming feast-day of the village's patron saint, San Xurxo — Saint George to you and me. I wandered over to see how Gallegos let loose. On the way, I noticed what a mish-mash of a village Camariñas was. Gallegos have traditionally built with the slate and grey granite

of the hills that surround them.

Even the crops so laboriously produced with plough and scythe and sickle are stored in granite. All over the village were vast hand-hewn horreos, oblong grain silos with peaked roofs, perched high above the ground on mushroom-shaped stone piles.

Invariably topped with stone crosses, these bizarre and ancient constructions lend an unwelcome air to the Galician countryside.

But Gallegos have failed to grasp the aesthetics of contemporary building. In the post-Franco years, easy credit brought a construction boom to a people who had lived the same way in the same houses for hundreds of years. Gallegos used concrete the same way they used stone. The result is fairly messy.

The street up to the Camariñas church was a hodge-podge of rough, unpainted, concrete-slab houses, road-side heaps of straw and manure, fields of cabbages, impromptu car parks, horreos with washing drying beneath them, and a couple of empty bars with television blaring away.

An innovative village festival committee had hired a rock

group from a distant city and the band was doing its best to pretend it was still in the 20th century. But it was getting little encouragement from the villagers. Coloured lights, wailing guitars, tight leather trousers, smoke-machines — nothing seemed to raise a reaction from the inhabitants of Camariñas.

Hands in pockets, berets pulled over weathered faces, the villagers stood in the street staring impassively at the temporary stage as the rockers went into wilder and ever more desperate displays of abandon. Song followed song; there was not a hand-clap, not a cheer, not a smile of amusement or derision.

It ended, mercifully, in a sudden downpour. The crowds ran for cover, the stage lights flickered and speakers crackled as water invaded the makeshift wiring. There was a last pathetic wall, a crash of static, and all was plunged into darkness and silence.

Enthusiasm ran high, though, with the advent next morning of a more solemn and traditional celebration. I woke to the sound of lugubrious music and opened the window to a cloudy sky and a brass band in threadbare blue uni-

forms winding its way through the streets. Hard on its heels came a traditional Galician band, with the same mournful drones played on the same bagpipes you can hear in Scotland. The celts were never great ones for innovation.

After circling the town a number of times, stopping on each circuit for a quick round at the harbour-side bar, the bands returned to the church. The entire village filled inside, the men in their sombre Sunday best climbing to an upper gallery, the women and children in the pews below.

Even here the miracle of modern technology failed to adapt itself to Galician life. Failing to master the hand-held remote control unit that switched on and off the mass's recorded music, the priest behind the altar found himself with an organ cantata on the rampage. But after mass the plaster statue of Saint George, complete with horse and fiery dragon, was hoisted to the shoulders of four village stalwarts. Three times around the church they went, followed slowly by the congregation and the village's collection of stray

dogs. The wind blew, the rain fell, church bells pealed, rockets were fired into the air with great explosive bangs, and the bands played on. It was magnificent.

I did not stay for further celebrations of tribal bonding, but took advantage of a break in the weather to drive out to Cape Vilain on the far side of Camariñas for a picnic. At the end of the cape I discovered a wind farm, 25 towers supporting 25 vast propellers whirling and moaning ceaselessly in the wind. They were as impressive in their way as the ancient horreos scattered about.

Perhaps the wine I had with lunch was stronger than I imagined. Or perhaps I was coming under a Galician spell. As I lay on the rocks looking up at the towers, a curious idea came into my head.

What, I wondered, if this wind farm were some enormous celtic deception — not generating power at all, but by the steady turning of its propellers, a device intended to pull Galicia imperceptibly further out into the Atlantic, away from the modern continent of Europe. It might take 1,000 years or so, but what is that to the celts?

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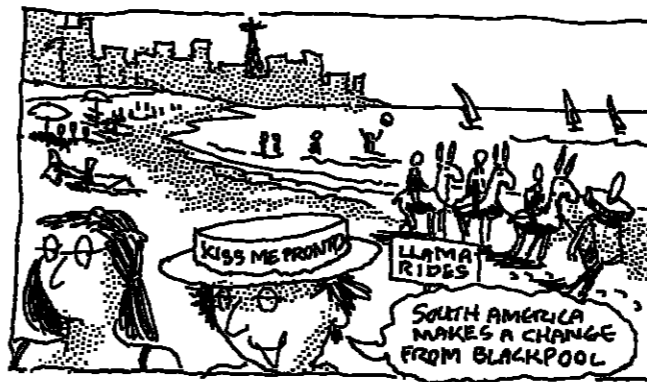
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**Practical Traveller/David Pilling**

**A sackful of myths**

South America is no longer a land of generals and jungles



consider Argentines arrogant, rich and lazy while Argentines view their trans-Andean neighbours as provincial and rather dull. What they have in common is the dazzling lake district and the forlorn beauty of Patagonia, both of which straddle their southern border.

Northwards your chances of a culture shock or an electric shock (wiring can be hazardous) are greatly enhanced. But even in Brazil, Bolivia, Peru, Ecuador and Colombia, many of the big cities can be disappointingly western. São Paulo is a lot like New York, just bigger.

Outside the urban centres, though, things become more like you might expect. Ponchos, llamas, parrots, ruins, deadly snakes and

deadly-long bus journeys all await. Few are likely to be disappointed by the Galapagos islands in Ecuador, the astonishing Inca cities of Peru or Venezuela's Angel falls, the highest in the world. Less well-known are the Jesuit ruins of Paraguay, the desolately beautiful northern beaches of Peru, or the gold-encrusted churches of Quito.

Depending on where you go, prices range from the give-away (Ecuador, Peru) to the give-me-back-my-arm-and-leg (Argentina). Because the Argentine peso is fixed to the dollar, the porteros of Buenos Aires are no strangers to the \$50 cab fair or even the \$5 cup of coffee.

Trips to restricted areas, such as the Galapagos islands,

also tend to be expensive.

Air fares between South American states (and in some cases within countries) are normally expensive. If you are keen to jet-set between countries, it is usually much cheaper to buy a package of flights before you set off. In London, Journey Latin America (tel: 081-747 3106) specialises in this. Some South American airlines are not in the best of economic health, so it might be advisable to take out insurance in case your carrier folds.

There are direct flights to some of the bigger cities (São Paulo, Rio, Buenos Aires, Caracas and Santiago) from many European capitals, with connections to smaller destinations. You can fly almost anywhere on the continent from Miami.

On safety, most Latin American cities present the same kinds of risks that one associates with big cities almost anywhere. Buenos Aires and Santiago are relatively crime-free, while Rio and some Colombian cities have less enviable reputations. Dangers generally become more pronounced the greater the economic gulf between those slipping champagne and those rummaging through rubbish bins, though this is not a hard and fast rule.

Visitors concerned that they may face the anti-gringo sentiments historically associated with South America should take comfort from the fact that much has changed in this respect, too. Distrust of outsiders has been tempered by a desire among many to emulate a western lifestyle. To graffiti in "Santiago" proclaiming "Gringo go home", someone recently added: "And take me with you."

■ The South American Handbook, which is updated annually, is virtually indispensable for travellers in this part of the world. From Trade and Travel Publications.

مكتبة الانجل

## TRAVEL

## Over the bed of Charlemagne

The Belgian Army built this tower, says M. Rhenan as, hand over hand, we negotiate its spiralling steel rungs. Part of their assault course, perhaps. There is quite a view from the top, nonetheless: northward the industrial sprawl of Maastricht and Aachen, southward the undulations of a countryside rich in pastures, pine woods and mineral springs. This is Dreiländerblick, or Trois Frontières, where three nations join hands. Beneath us a farm-hand urges red cattle out of a Dutch meadow, down a German lane and into a Belgian milking parlour. Cyclists from Aachen in Germany pack their machines in Belgium and unpack their picnic in the Netherlands. The Meuse river becomes Mass before our very eyes.

"And that moorland to the south?"

"The Fagnes," says Rhenan. "The fen country of Belgium."

Unlike England's fens, the Fagnes extend across mountainous ground. Between Expen and Malmédy, two little towns of European renown long before Maastricht (they once issued their own postage stamps), we stand near Belgium's highest summit, which is at 2,000ft, at the ancient travellers' rest called Baraque Michel.

was the only building on the Fagnes, they tolled this bell to guide lost travellers to safety.

"Even now they toll it," says Rhenan. "Two summers ago - you have certainly read of it - a whole class of schoolchildren went missing on the Fagnes. The Belgian army searched for them and the bell tolled continuously for two days and nights."

Today it is breezy but when the wind drops the mist will settle over the Fagnes. They are no bigger than the English fens (about 40 miles by 25). The Expen-Malmédy road crosses them and the forestry department's map is a gridiron of paths which intersect here and there at a *maison forestière*. But the paths are confusing in that sea of peat moss and meadow grass, and the low-built *maisons* are poor landmarks.

"You lose direction," says Rhenan. "You walk in a circle. You grow very cold. You sink to the ground and sleep in the bed of Charlemagne." The bed of Charlemagne is an expanse of brackish moss which gives rise to some of the rivers of the Ardennes.

In an hour's walk we meet only one other walker: a German who

comes here to botanise and to listen to the tinkle of the streams. "I live beside the Rhine, but I cannot hear it any more. I only hear endless vehicles, drunken immigrants, police cars and quarrels among neighbours."

Turning our backs on the Mass-Rhine triangle (like leaving industrial Lancashire behind as you

climb to the Pennine Way), then descending easy gradients and picking up south-flowing streams, we enter Belgium's smiling back-of-beyond, the undiscovered country.

The zigzag streets and crooked spires of Malmédy and Stavelot doze in a world of make-believe. Early spring for him is the season of clowns, giants, fire-eaters and sword-swallowers, cardboard forts and papier-mâché armour, stilt-walkers and fairytale characters come to life.

at the Lenten festivities you suspect that the children never grow up, and you do not blame them. We caught the tail-end of Malmédy's six-day carnival, with its expensive fancy dresses. On Shrove Tuesday we saw the mayor of Expen handing the civic keys to "Prince Carnival", but didn't linger for the licensed buffoonery which followed.

pathic establishments worldwide. Upmarket leisure pursuits have taken hold of this snug little town of scented pines, fountains and golf courses.

We had managed to avoid the week of the Belgian grand prix which meant we could motor round the circuit on the Francorchamps road, threading the black rectangles of pines, racing past half-timbered farmhouses which carry the slogans of Elf, Bosch and Pirelli on their roofs, past the white flagpoles, covered stand and pits, under the Mobil-lift bridge and down the long straight where a whiff of burning rubber still lingers.

Finally to Liège, home-town of Rhenan, and I brace myself for a little *complicité*. Long ago I passed through Liège at night and I remember spiritual desolation, bleak farmhouses, sleep-beans and the clanking of trucks loaded with pig iron and brown coal.

Nothing could be more removed from the present-day reality. Broad boulevards sweep under curving cliffs where the Meuse used to flow. Every other car is a Ferrari. Tall narrow houses chamber skywards. In the Outre-Meuse quarter, a self-proclaimed free republic to

which you are admitted with a comic passport, the alcoved madonnas are newly-coiffured and Baby Jesus has a pink face. It is carnival time here, too.

Liège is a city of elegance and sophistication. It is a dockyard port, a hub of revitalised steam trains, a showpiece of domestic architecture, a fashion centre, a museum of industrial archaeology, a metropolis of marionette drama, a mother of arts and sciences and, at this season, an overflowing basket of flowers.

Challenged to name five famous Belgians, you need not step outside Liège. The musicians César Franck, Grieg and Ysaie, the sculptor Del Cour and the crime novelist Georges Simenon will do for a start. Gastronomy is rife. At the Vieux-Port *hospellerie* we dined on Zealand oysters, *coucou de Malines* and Moka cream. The Chateau Margaux '83 at the foot of the wine list was amusingly priced at £165, but the Graves rouge at the top was quite drinkable. After all, this was Lent. What must the Liège restaurants be like at Christmas?

Later, we looked in at the Olivettes *café chantant* and the Ane Rouge cellar on the waterfront, the scene of Simenon's first novel. What next? For me it was bed.

Rhenan approved. "Il y sont des nuits, des strip-teases, des gamblings... sont amants, mais ils ne sont pas Liège."

Leslie Gardiner explores a quiet corner of Europe where three nations meet and examines the time-warp of the Fagnes, Belgium's mountainous fen country

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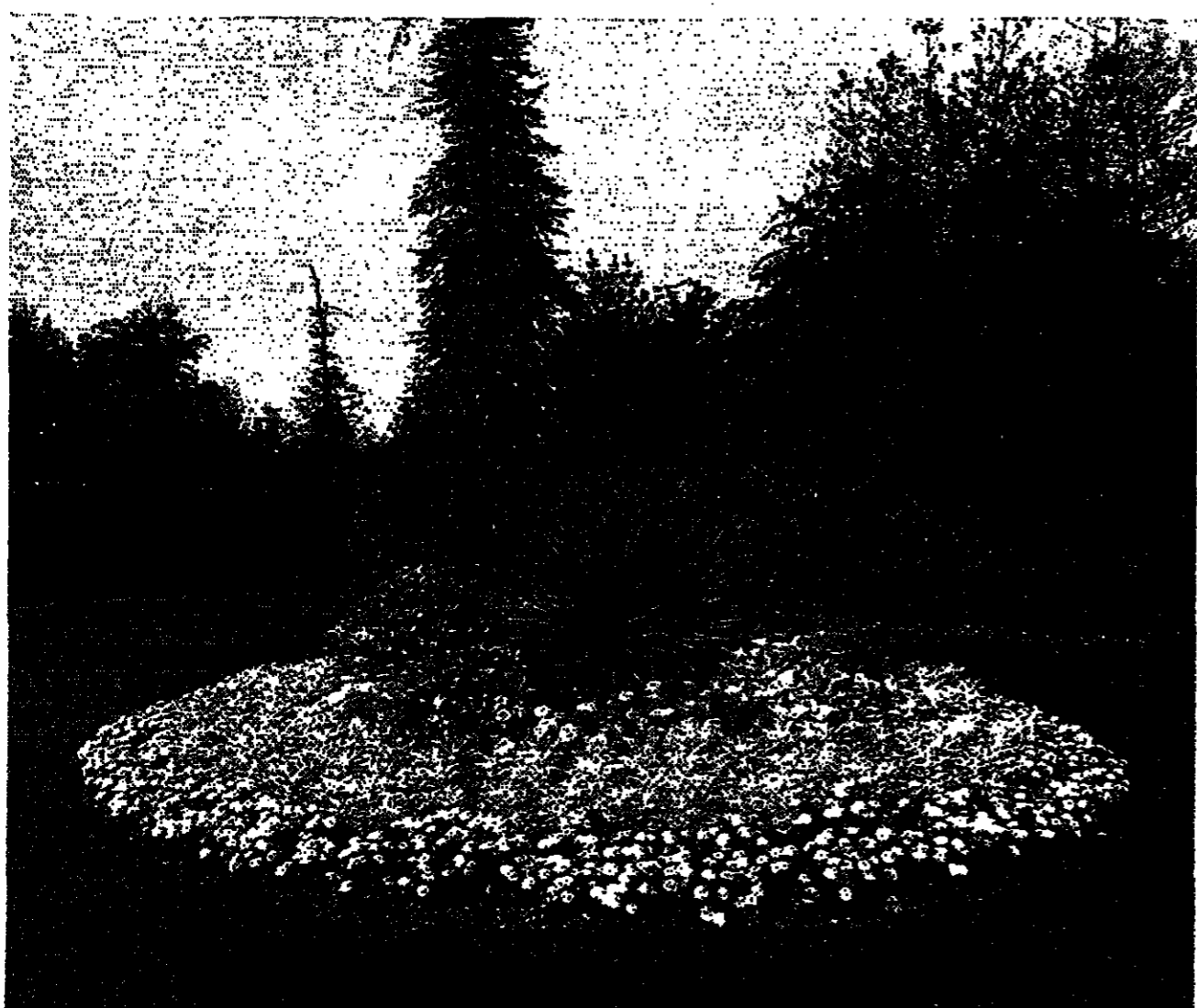
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## OUTDOORS



Why not paint the ground instead? 'Plants stare at us full-frontally, elevated on the local rates'

Trevor Humphries

## Gardening

## This marigold madness

**B**ank holiday Britain is blooming. The roundabouts are a riot of marigolds and herbage cities are screened behind hanging baskets as cascades of harsh carnage petunias compete in mid-air with the country's best Georgian architecture.

But why do we not rebel and demand that this municipal madness stop? Such profanity bears no relation to the thoughtful art to which knowledgeable gardeners aspire. It is a style that belongs with the toytown mentality.

Townpeople are apparently supposed to take pride in all this - but most of them are too bewildered to have a view. They are used to it by now and think that it must be approved. Basket "gardening" has spilled on to the streets in a style which belongs with that ultimate British phoney, the British pub.

The Britain In Bloom Board goes solemnly round our townscapes, giving prizes to those which have done more than anyone else. The prizes are then passed on to signposts in order to legitimise the local council tax. Meanwhile, great gardeners have written,

planned and laboured to prove that there is so much more to the art than lines of fibrous rooted begonias.

More than a century ago, William Robinson asked the right question: if this is the result which gardeners want, why not paint the ground instead? Yet, I have watched while historic Oxford has been dug up near its centre and re-laid in hummocks. We need to

worse. I have just penetrated the breeding grounds, the base camps from which the whole salers push pre-germinated seedlings at council departments: they might as well be selling pots of vibrant paint.

For centuries, the dianthus was a sweet-scented pink, fringed or laced with elegant colours. In time for the millennium, the breeders have made it go mad: they have levelled

the mania for peaches and cream. What counts is impact, accent, dazzle, bred like the fruit in a supermarket to be level, monotonous and "tiny-garden size".

I am not being negative, let alone elitist. There have been good alternatives, beautifully advanced by amateurs during the years in which the municipalities have gone mad at our expense. In the 1980s, the Royal Parks, under Ashley Stephenson, delighted the Chelsea Show with soft colours and half-hardy plantings for bedding.

The new style of planting in pots has been the star turn of private gardeners and its artistry could so easily be put in place of local authorities' unsolicited visual rape.

How can we stop it? I see little point in appealing to Europe because French, Italian and German bedding are even worse. We cannot send for the Americans because it is their breeders who have produced most of the monsters, conforming to their national taste for big and bright.

I therefore propose a project to kill off the salivars, shrivel the marigolds and return peace and quiet to our over-heated cities.

## Robin Lane Fox is annoyed by riotous roundabouts and municipal hummocks

pay for these hummocks because begonias can be displayed better at a tilt to the ground: they stare at us full-frontally, elevated on the local rates.

The maintenance of bedding plants requires three to four times as much labour as perennials. I want a council to kill my rats, empty my rubbish and pass on the cheques to the people who teach our children. I do not want them to plaster the roads with marigolds when the rest of us are trying to raise our sights beyond them.

If you are annoyed already, be warned that it will soon be

its height, enlarged its flowers, and selected the colours which glow. In 1981 and 1982, they won Fleuro Select Medals for their awful offspring. Next year, Dianthus Strawberry Parfait and Raspberry Parfait will be blinking like cats eyes on every road junction.

Petunias have been driven insane too: the breeders call them Petunia Frenzy Blue Veins and they are now making Busy Little Hyperactive - but flowers are the size of the old half crown. Soapdragons have shrunk to the dwarf Chimes module and gentle old families have been invaded by

economy - up to 40 per cent better in the urban cycle than petrol engines of the same power. Their exhausts are much cleaner under cold operating conditions and they do not give off evaporative emissions of hydrocarbons.

Over the next few years, replacing old and environmentally unfriendly buses and lorries with modern, low-emission vehicles will benefit urban air quality markedly.

Even though relatively little effort has gone into curbing diesel emissions so far, much has been achieved. Further large reductions can be expected as technical improvements go into production.

All future diesels have a potential for very low smoke emissions.

*Martin Love of Ricardo has a few copies of the paper for seriously interested bodies. Call him on 0273-455611.*

diesel (as many now are) was more than twice as clean overall as a catalyst-equipped petrol engine.

Ricardo says air toxins emitted by petrol-engined cars tend to be dominated by benzene - a known human carcinogen - whereas diesel engines produce hardly any. Besides which, a lot also gets into the atmosphere every time a petrol car is refuelled - but not when a diesel is tanked up.

In essence, Ricardo's conclusions are that:

■ Diesels offer excellent fuel

## Motoring

## No need to fear 'deadly diesels'

Stuart Marshall looks at research that counters recent scare stories over emissions

**T**here have been a lot of scare stories lately about diesel exhaust emissions. You must have seen the headlines: "Deadly diesel: new evidence of killer in the air" and "Diesel kills, experts claim".

The one common denominator of these stories is that they are heavy on sensation but remarkably light on facts. Some quote the results of studies in a few US cities - where, incidentally, there are few diesel cars - and extrapolate them to Britain.

The studies suggest more people die from heart disease on days when atmospheric pollution is high. They probably do. If you are old and ill, breathing in more than the normal amount of urban filth is likely to hasten the inevitable end.

Some of this summer's pollution stories could make you

think that diesel vehicles were the only source of all this pollution. And I am the first to admit that clapped-out lorries, aged buses and ill-used delivery vans spew out disgraceful amounts of black diesel smoke. Their owners seemingly are untroubled by the police, who appear strangely reluctant to proceed against them.

Of course, diesel cars make their own very modest contribution. Any kind of internal combustion engine puts a certain amount of muck into the air. But it is modest, for two

reasons. One is that diesel cars are still outnumbered heavily by petrol-engined cars. The second is that a modern diesel car's engine can be inherently cleaner than a petrol engine fitted with a catalytic converter to clean up its exhaust emissions.

Who says so? No, not me - despite being an admitted enthusiast who has run nothing but diesel cars as his own personal transport for more than 15 years - but Ricardo Consulting Engineers of Shore-

ham, West Sussex, a world renowned automotive engineering think-tank and development laboratory.

Ricardo has just published *Automotive Diesel Engines and the Future*, an independent and unbiased technical view on their emissions. Modestly, Ricardo says it hopes the paper will provide a useful contribution to the debate on the likely impact of diesel-powered vehicles on air quality.

I am sure it will. But what it really does is demolish some of the tabloid fantasies with a

barrage of hard facts.

The paper notes that although emission controls (that is, exhaust catalysts) started on petrol-engined cars in California in 1966, diesel car emissions began to receive serious attention only in the 1980s. Even so, a study by Ricardo for Mercedes-Benz revealed that a car diesel engine without the simplest kind of catalyst produced fewer "air toxins" (exhaust emissions) than a petrol engine with an elaborate catalyst. And that a catalyst-equipped

## I flew around the hairpin at 130mph

Peter Whitehead swapped his commuter bike for a racer and tested his skill and courage on the track

**M**otor cyclists live in a strange world of exaggeration. They travel at exotic speeds - always above 100mph - they can never be beaten away from traffic lights, and they never have bumps or scrapes, just heroic acts of derring-do.

I know this because I am a motor cyclist. And like other motor cyclists, I have felt the rush of adrenalin that accompanies riding at speed and I have heard the call of the race track. I can also hear myself exaggerating: "Put me on a superbike and I could break the lap record in a grand prix."

Such boasts are now so much hot exhaust. I have been caught out - sent to school and found wanting. On one of Britain's racing circuits I discovered that blasting around a track pushes you to the limit: it is a test of courage and confidence in your own skill and in the capabilities of the machine beneath you.

As a birthday treat, I was packed off to Mallory Park in Leicestershire to join a class at the Drayton Croft Racing School. There it was that my bluff was called.

I was fast but not quite fast enough. Exact speed is a mystery as the school's bikes have no speedometers but, without exaggeration, it must have been 100mph on the straights. I had begun to tremble even during the pre-school pep talk - "If you see oil on the track, avoid it... If you 'high-side' it will hurt..."

By the mid-session debriefing I was speechless. When asked a simple question - "How is it going?" - I felt strangled, my reply spluttering into nothing like a clapped-out engine refusing to start.

Here I was, a commuter grappling with a highly-tuned 130mph-plus Honda VFR400R racing bike, and all I had learnt about riding and roadcraft now seemed wrong. I was looking ahead, seeing the screaming Honda engine below me begged to be shifted a gear or two higher.

I was weighed down by years of road experience on two and four wheels, and knocked off balance by the sudden need for naked aggression.

Overcoming this background was clearly going to require more than the hour or so we had been allotted on the circuit. But my fellow students seemed to have grasped the idea rather more quickly as they flashed past in their turquoise or mauve leathers, hired for the occasion.

There were 16 of us on the track for that hour-and-a-bit, divided into four groups of four, each with an instructor to guide us round the 1.4-mile circuit.

Steve Bevington, the tutor allocated to my turquoise quartet, briefed us briefly and finished with: "...so follow me."

This was easier said than done. Out of the pits, round Gerard's curve, along Stebbie Straight, and I was keeping up nicely with Bevington and the rest of the class. But a gap began to open up through the Lake Essex. "Hang on," I gasped as the screaming Honda engine below me begged to be shifted a gear or two higher.

I closed up a little on the approach to the hairpin, fell back through the chicanes, missed a gear as I was changing up on the adversely cambered Devil's Elbow leading to the Kirby Straight, and that was it.

The thimbleful of confidence I had begun with was spilled

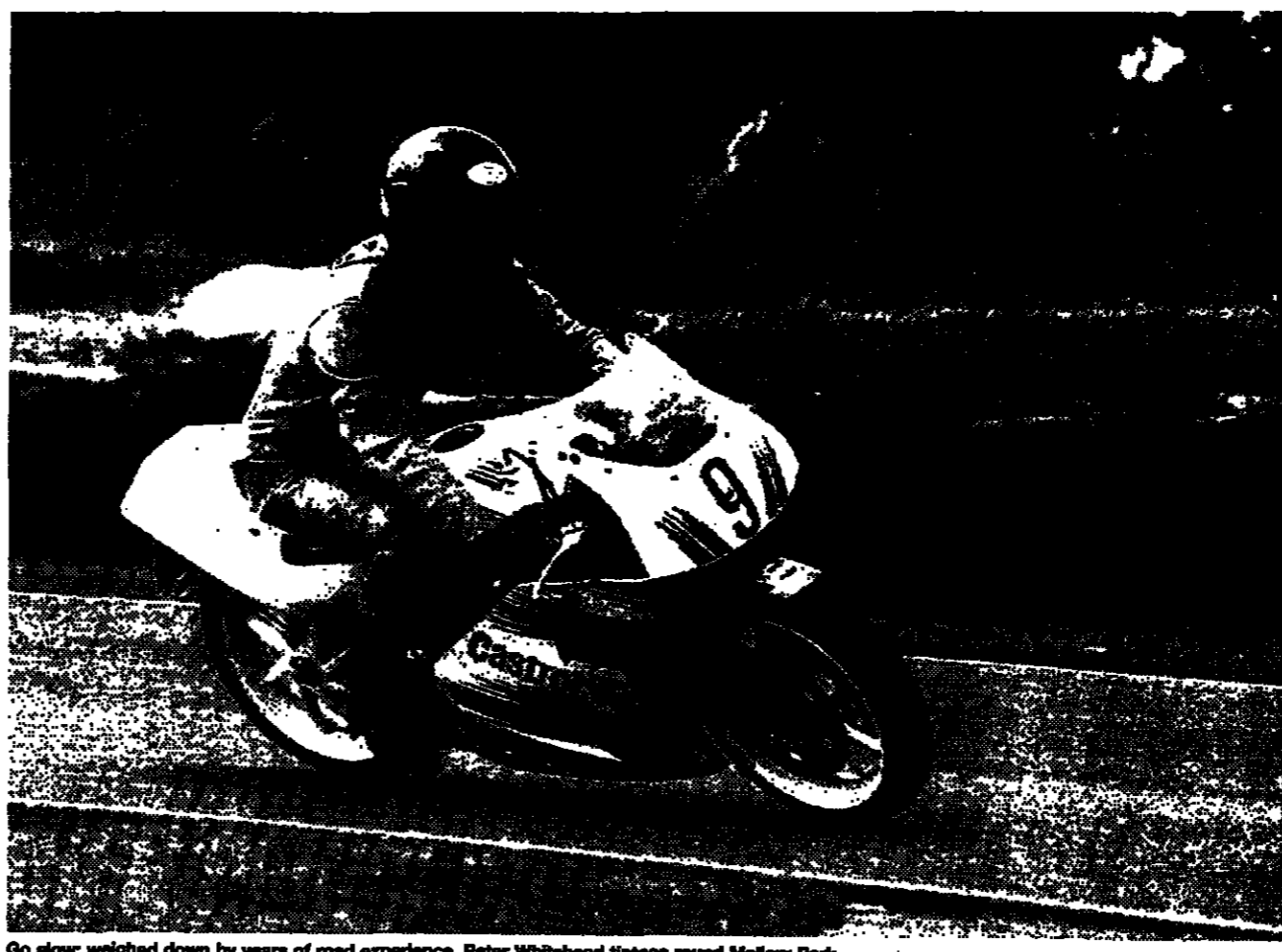
on the track and only occasionally did I catch sight of my classmates from this point on.

We did meet up again in the pits for that mid-session "discussion". Bevington wanted to assess our performances; he sensibly arranged to assess mine separately.

I had already witnessed the astonishing speed and nonchalance of the other instructors flashing past, one hand on the throttle, the other on the hip, as they glanced over their shoulders. This time the glance was at me, and to my total amazement Bevington raised his thumb.

Back in the changing room, the 15 survivors - one had lurched into a fence and been bundled into an ambulance with seemingly minor injuries - were handed their certificates and "Rider Analysis Sheets". Bevington's generous marking awarded me nine out of 10 for position on the track, application of instruction, and improvement. And he definitely hit the spot with his low marks for confidence and potential. "Good improvement. Well done," he wrote at the bottom.

With those words glowing inside me, I set off home - at 150mph, of course.



Go slow: weighed down by years of road experience, Peter Whitehead tiptoes round Mallory Park

Nath Martin

## Fishing/Tom Fort

## You can take a boy to water...

**T**here was a scene in Jonathan Dimbleby's recent television programme about Prince Charles in which the young prince was receiving instruction from the old prince in the art of fly fishing.

The lad stood in a Scottish loch, waving his rod back and forth, his gaze apparently fixed - not on the water but on his dad, perched in his kiln on two boulders.

It so happened that a few days before, I had taken my elder son fishing. I was not

wearing a kilt, and nor is he a prince, and our intended quarry was not Scottish trout, but whatever we might find lurking in a miniature weirpool on a sidestream of the Kennet in Berkshire. Nor were we fly fishing. Instead, I carried a tin of sweetcorn, with hook and float at the business end of the line.

I told him we would certainly catch fish. He - with the bolshie scepticism customary in adolescent sons, and mindful of previous disappointments - was disbelieving. I impaled a grain of corn, dropped it in the pool, and the float shot under. Soon a dace

was in the keepnet, to be followed by perch, chub, roach and bream. Within an hour he was proclaiming himself an expert. And after an hour and half, even though we continued to catch fish as fast as I could rebait the hook and he could cast it, he announced that he was satisfied, and asked if we could go and watch football on television.

The truth is that, in his heart, he is not a fisherman. This matters not a jot to him or me. But that afternoon, spent whisking out a netful of little fish, and the glimpse of the Royal fishing lesson, set me thinking about how the

love for a sport is born and how, in my own case, the fire was lit.

My father was no angler. But by the time I was eight or nine I had become aware that two of my elder brothers were thoroughly infected with this strange passion for angling.

They had been given elementary instruction by my grand-mother afloat on Windermere. They had learnt the nasty but necessary technique of sticking a hook through a worm, and how to subdue the perch which grabbed it. This knowledge they took to the banks of our local river, and there developed it. And eventually I

was allowed to go too.

We were fortunate in our river, the Loddon, which flows into the Thames at Wargrave, Berkshire. We had friends who lived in a large house beside it, and we were given the run of the two or three miles of river which went with it. It is many years since I fished there, and I would not care to do so now, for there is too much of a tangle of memories attached to it.

Thirty years and more ago, it ran clear and was rich in weed and fish. Chub thronged the quicker water, with barbel as well, while the quieter holes held perch and roach.

I was passionate about fishing at once, and it is a sign of the depth of that passion that it endured, for it was two years before I caught a fish at all.

This great event took place, not on the Loddon, but at the mill on the Thames at Sonning. The great grinding wheels are now silent, and the place is a pretty theatre. But then the water in the millpool roared and surged, and shoals of chub and barbel gathered there to feed on the tasty waste from the milling.

It was a tricky place to fish. You had to stand on the road bridge, and cast up with a heavy weight towards the



mill. The bottom was strewn with snags, and many a week's pocket money was swallowed up on the hooks and leads we left there. The best time was early morning, and we would bicycle over with the aluminium worm bucket clanking against the handlebars.

It was not much of a fish, the chub I caught near the willow tree on the right side of the millpool. But it was big enough to require one of my

brothers to scramble down on to one of the bridge supports to net it. And I felt that I had joined the big boys. Being made a bishop or taking one's seat in the House of Commons might be an adult equivalent.

Not long after, I caught a much bigger chub on the Loddon. It came up and asked a piece of floating breadroll, dived into several weedbeds, and reduced me to an ether lazier before giving itself up. By then the fire was well and truly lit, and - though it has flickered occasionally in the intervening years - it still burns warmly enough today.

The moral of my tale, if you can call it that, is as follows:

You can teach your child, or anyone else's, to fish; but not to want to fish. You can provide opportunity, cash, advice, encouragement. But the spark, the magic of the passion, is a gift, from somewhere.

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## SPORT

## Soccer

## The man who fell to earth

Peter Berlin watches Klinsmania break out in north London

The fan gave a little skip as he passed under the gate to the ground. He clasped his little blue season ticket book so tightly that his knuckles were white. "Calm down, Andy," said his friend without much conviction. "It's only a game of football."

But it was not any game of football. It was the second turn on the Premier League's emotional roller coaster, Osvaldo Ardiles' wild ride.

In particular they had come to see Jürgen Klinsmann, the German international striker, who has joined Tottenham Hotspur and who was playing that night against Everton.

The frenzy surrounding Tottenham Hotspur reaches a surreal level this afternoon when they entertain Manchester United, champions for the last two years, double winners last season. Yet all eyes will be on Spurs, a team which barely escaped relegation last season and which started this one with a six-point penalty.

Spurs began to capture the headlines when they signed Ilie Dumitrescu, a Romanian World Cup striker, in late July, igniting a small fix of excitement among fans. The rocket took off when they signed Klinsmann. It exploded to delighted gasps of surprise last Saturday when Ardiles solved the selection problems presented by his two new signings by picking five attackers.

Many teams in England play two strikers, some pick just one. Fans who have teams in newspaper fantasy leagues would not be allowed to pick the team Ardiles has selected. This is fantasyland.

The white knight is Klinsmann, the smiling, friendly, blond, swashbuckler. He has already scored three goals in two games, helped wipe out the six-point penalty and has talked defiantly about winning the championship. It is as if he had stepped through Alice's mirror. A month ago he rivalled Diego Maradona as the footballer most loathed by English fans.

The basic problem, for these fans, is that Klinsmann is a German. This is not simply a

question of who won the world war, although the tabloids who greeted his two goals against Everton with "Hans Radd Warming" and "Master Bruce" seem determined to ignore Basil Fawcett's advice on this subject. It is more a question of who won the World Cup. Since losing to England in 1966, Germany have won twice. In the last seven world cups, England have reached the final stages only four times, and on three of those occasions West Germany knocked them out.

This is also the reason why even non-Spurs fans are queuing to watch him - at least from sportsmen of other nations - and they regard Klinsmann as a cheat.

Eric Cantona, United's French striker, will miss today's game because he is suspended again. Cantona has an unpleasant habit of kicking, raking or stamping on opponents. He is an "artist" and therefore, he can go, this is part of his nature.

Klinsmann, an athlete, is not violent but, in the eyes of fans, he is sneaky. English fans criticise his habit of tumbling when tackled in the penalty area. He is known as the Stuka, because he dives. The fans may claim not to like him, but they pay to see him and they cheer when he mocks them by diving across the pitch after scoring a goal.

Since Spurs signed him they have sold 2500,000 of season tickets. Spurs with his name and number are falling off the shelves at £47.24. On Thursday, after his goals against Everton, Spurs' shares jumped 10p.

Klinsmann's powerful header at Sheffield on Saturday helped Spurs to win 4-3. His two in the first half on Wednesday, a close range header and a sat-



flyingly spectacular scissors kick, gave Spurs a 2-1 victory. But he cannot win games alone and a lot will depend on how well the other members of the team play.

So far the attack is working nicely but the undermanned defence is creaking. Ardiles' biggest gamble was dropping Gary Mabbutt, club captain and England international, and picking two centre halves - Sol Campbell, 19, and Stuart Nethercott, 21, with barely 20 Premier League games at that position between them.

Today's match will provide a test of their nerve. After Wednesday's game Ardiles said: "We are cavalier, yes that is the right word."

After Ardiles, Mike Walker, the Everton manager, started to answer questions. Suddenly

the crowd in front of him turned and walked away. Klinsmann had come in.

Two years ago, after the launch of the media-friendly Premier League, clubs began to bring players to meet the press after matches. The first time Spurs tried this, the choice was an experienced player who had scored the match-winning goal. "I just stuck my foot out and it went in," and "I felt tremendous" was all he could manage. The experiment was dropped.

On Wednesday, Klinsmann stood in the same spot. He held forth articulately, intelligently, charmingly until he was dragged away by Ardiles to some other appointment.

In a way this Spurs team is a caricature of English soccer, stacked with strikers, devoid of midfielders and with a very

mixed bag of defenders.

Furthermore, there seems to be something in the air. There have been other big scores in the first two rounds of league games. Liverpool scored six goals in one match, Newcastle have scored seven, Sheffield Wednesday have let in seven and scored five. Even Arsenal, whose recent success has been built on defence, started the season with four strikers.

This may have something to do with the tougher rules on tackling.

On Wednesday, Everton did not commit a foul - a penalty for hand-ball apart - in the first half. If defenders keep refusing to tackle, it may be a while before Klinsmann has a chance to dive in earnest. Maybe he will spurn it with a smile.

## Cricket

## Rude awakening

Nostalgia is dangerous. Under its spell one looks back on past outrages and sees them as endearing amusements. Rude captains, for instance. Not rude as the match referee thought Mike Atherton was rude at the Oval, looking at his bat "with an air of dissent" on the walk back from crease to pavilion after his first innings dismissal. But rude in the grand manner, as Archie McLaren used to be rude to the lesser mortals around him.

During the 1902 series against Australia, having argued vigorously with his fellow selectors about who should play, McLaren was said to have marched into the English dressing-room, looked round at the assembled players and cried out in disgust: "My God! Look what they've given me this time!" McLaren's sins, like his many failures as captain of England, were forgiven him because, as his obituary in the 1944 Wisden put it, "he possessed the grand manner" and people loved his flamboyance, however rude.

Atherton is paying the price for having taken over the English captaincy cautiously, in a depressed period of English cricket, with confidence gone, press predatory and management uncertain.

Last Saturday at the Oval, I watched Devon Malcolm bowling with herding penetration through the South African defences. It was a once-in-a-lifetime sight and I will never forget it. Malcolm's second over was a double-wicket-maiden, which removed opener Peter Kirsten and No 3 Hansie Cronje, leaving the South African score 1 for 3. You could feel the excitement grip the giddy, friendly old Oval, but everyone expected the South Africans to fight back and seize the initiative before long. They did not have a chance, but the sad truth is that England and English supporters have got into the habit of expecting to lose.

I remember asking Glamorgan last year how Viv Richards had managed to work such

wonders for them in his first year there. I think it was their captain, Hugh Morris, who said: "You can't imagine what a difference it makes, going out to play alongside someone who expects to win."

English Test matches have gone the other way. They are played in a climate of pessimism which is hard to shake off and is a constant resource of the sceptical press. If the pessimism falters, the next best resource is complaint about one of the old favourites: opponents, umpires, groundsman or, best of all, captains.

South Africa have been welcome opponents this summer, full of enthusiasm and old-fashioned sporting spirit. Not suitable targets for complaint.

Thus far the umpires could

**Teresa McLean explains why she is grateful to Mike Atherton**

only be praised for their excellent handling of the Oval Test, even when umpire Kenny Palmer's view of Atherton's "dissent" as "within the limits of acceptable behaviour" was over-ruled by match referee Peter Borge. Palmer is an old hand, from the days when umpires, not referees, controlled cricket and he continued his capable partnership with Steve Dunne undaunted.

Groundsman Harry Brind's pitch was an Oval breath of life into a medium pace series - dry, fast and lively. Test Match Special's Bill Frindall was so impressed with it that he proposed Brind, not Malcolm, as man-of-the-match.

Atherton was the obvious target for attack. Under his captaincy this summer England had defeated New Zealand and now had a chance of drawing the series with South Africa, but when Kepler Wessels started digging himself in, lifting the score from 1 for 3 to 73 for 4, English journalists drifted back to the ever useful subject of doubtful field set-

tings. Surely Atherton should have more than two slips?

It was the South African journalists who sent pieces home praising Atherton's shrewd handling of his bowlers, particularly Malcolm, whom he was clever enough to bowl only in short bursts.

Even if Atherton was right to use Malcolm in short bursts, the timing of the bursts was crucial. Indeed it was and on Saturday it was perfect. Malcolm's first three wickets came in his first two overs, the next three after lunch, the last three after tea, when the crowd roared Malcolm in to the crease to blast South Africa from 175 for 5 to 175 all out.

The South Africans were more upset by Atherton's and Graham Gooch's uninhibited pursuit of the 304 required to win than they were by their batsmen falling victim to these spells of glorious bowling.

The last hour's play was more humiliating. It carried on England's batting in the cavalier manner defiantly adopted by Phillip de Freitas and Darren Gough the night before. It deprived all South Africa's bowlers of respect and made their main strike bowler, Allan Donald, look pathetic. Gooch, man of caution and experience, hit 33 off 20 balls with the air of one who is bored with the slow pace of Sunday cricket.

"What am I going to say to them back home?" asked the young South African journalist next to me, straightening his blazer and tie. "I've got Atherton and Gooch cast as anchor men, not meteorites."

After three overs they had scored 38 runs. Though the run rate dropped to eight an over when Gooch was out, Graeme Hick played his shots with a ramping power that I have not seen him use in Test matches.

Whatever the public's feelings about Atherton before the Oval Test, by the end of it the main feeling was gratitude, not just for winning a match and saving a series, but for releasing in the process an element of flamboyance, of which everyone had long been starved. Priceless stuff, flamboyance.



Leaping hearts: Devon Malcolm jumps to catch Gary Kirsten, of South Africa, off his own bowling

## Tennis

## The hardest test

For US tennis this is the best of times. With record prize money of \$9,380,100, the US Open which begins on Monday in New York is the richest tournament of the year. Furthermore, the defending champion and No 1 men's seed Pete Sampras is American. So is the man he displaced from that position, Jim Courier. However, both are competing under a cloud. Sampras has still not recovered from the ankle injury he sustained in retaining his Wimbledon crown in July and Courier, down now to No 11 in the rankings, may retire from the game for an indefinite period because he no longer enjoys it.

Nor is there any comfort for USTA President "Bumpy" Fraser in the women's game, which a few years ago was dominated by Americans. Neither Martina Navratilova (a naturalised American) nor the disgraced Jennifer Capriati is playing and of the five American names that appear among the list of 16 seeds, the highest is the promising but inexperienced teenager Lindsay Davenport at No 6.

Then there is the problem of injuries. Apart from Sampras, so many of the game's leading

players are affected that this year's championships are in danger of resembling an episode of *Casualty*. The walking wounded include defending women's champion Steffi Graf (back) and two of the men's seeds - No 9 Goran Ivanisevic (hip) and No 5 Todd Martin (groin) as well as the Swiss No 1 and Olympic champion, Marc Rosset (shoulder). In addition, trainers Bill Norris and Todd Snyder report dozens of minor ailments among the lesser names.

The unyielding hard courts at the National Tennis Center in Flushing Meadows always subject competitors to a searching test of fitness and stamina in the often oppressive, sultry heat. Coming at the end of a six-week build-up circuit on similar surfaces, more and more players enter carrying some nagging injury so that upsets abound. This year will be no exception. But who will the victims be? Thursday's draw was kind to

world No 1 Sampras. Already the winner in Australia and at Wimbledon, he is attempting to emulate Jimmy Connors (1974) and Mats Wilander (1988), the last men to win three Grand Slam titles in the same year. Even though short of match

**John Barrett explains why the US Open takes such a toll**

play, Sampras should limp past Korda and either Medvedev or Berastegui to reach the quarter-finals where either Stich or one of the two former champions, Courier and Edberg, should be in wait.

Stich has had a miserable year. He lost in the first rounds in Australia and at Wimbledon. In Paris he went out in the second round. Courier is in a slump. After reaching the

semi-finals in Australia and Paris he lost in the second round at Wimbledon and, as mentioned, has lost the zest upon which his whole game depends. Edberg is another fading star. No longer can we expect to see him produce the sort of electrifying performance that won him the title in 1991. That day he played the best tennis of his life to destroy Courier.

The popular favourite will be Andre Agassi. Down to No 20 in the rankings, this flamboyant showman is unseeded and is due to play either Guy Forget or former champion Mats Wilander who clash in the best of the first round matches. Ahead in this section is Wayne Ferreira and Michael Chang, an American who in 1994 has seen the best of times and has a seeding (No 6) to prove it.

Perhaps the best outsider, if one can so describe a former champion, is Boris Becker. Suddenly rejuvenated, sud-

denly refocused with the help of coach Nick Bollettieri, Boris comes to New York with two recent tournament successes in Los Angeles and New Haven. He also arrives with his wife Barbara and baby son Noah. It is wonderful what fatherhood can do for you.

The only two direct British entries, Jeremy Bates and Mark Petchey, have both been drawn against opponents whom they are capable of beating. Bates, at 72, is ranked 39 and Petchey, 34, is ranked 35. Maurice Ruah, who is at his best on clay, Petchey, ranked 84, is 11 places higher than Karol Kucera, a 20-year-old Slovak, another who grew up on clay. However, after the trauma of the losing Davis Cup tie against Romania in Manchester I have ceased making predictions about British players.

I am prepared to predict that Steffi Graf will not lose in the first round here like she did at Wimbledon. In fact, in spite of her recent loss to the No 2 seed, Arantxa Sanchez-Vicario, in Montreal, I can see no reason why Graf and Sampras will not claim the equal first prizes of \$550,000. Yes, for the best of players it should once again be the best of times.

## English holidays from hell

Continued from page 1

government had decided to reduce the 15 per cent VAT levied on five-star hotels to 6 per cent from January 1. However, many five-star Spanish hotels had contrived to reduce their VAT bills anyway, simply by down-grading themselves to four-star, where the charge is already 6 per cent.

Unfortunately for English hoteliers, there is no sign of a slackening in the appetite for foreign travel. Visa, for example, recently produced a survey of the more exotic destinations favoured this year by holidaying Britons. They included Ecuador, Gabon, Vietnam, Estonia, Guyana, Jordan, Papua New Guinea and Zimbabwe.

For the British, a two-week package holiday in Vietnam,

including flights and accommodation, costs about £1,500. A seven-night Crusaders and Citadel sightseeing tour of Jordan with Abercrombie & Kent, an upmarket travel operator, starts from about £500, including flights and some meals.

In any case, British tourism is a millipede compared to the giant-squid business of global tourism, in which market trends of enormous proportions take shape at oceanic depths before swelling to the surface.

The Mediterranean, for instance, is the world's premier tourist area, yet even the Med has lost market share steadily (partly because of price), from

31 per cent of world tourist arrivals in 1987 to 27 per cent three years ago. However, a report last year by the Economist Intelligence Unit predicted that the Med would reverse recent trends and capture more than a third of international tourist arrivals by 2000.

Gan Britain cope with souped-up competition from established and emerging rivals, or is its tourism doomed to slide further into the morass, in company with British industry, science, and sports-making?

Probably, it will cope. The realisation that I could enjoy a holiday in England impressed

itself upon me the moment I left the coast. I did this at Whithy. I had already bypassed Scarborough, of which people talk highly. It is the Yorkshire coast, and I was so sick of resorts that I swept straight on, and carried on to Whithy, a dramatically-sited north Yorkshire fishing port with a ruined abbey peering down on it. But by the time I reached Whithy - I could not park the car there, I could not even stay - it was crawling with humanity. - I was so sick of resorts that I swept straight on, and carried on to Whithy.

By doing this I was propelled, almost at once, into the serenity of the North York

Moors, 555 sq miles of outstandingly beautiful countryside, from gentle farmland to sweeping heather moors domed by massive skies world-class scenery. The area is one of Britain's 10 national parks - so immediately uplifting that I felt embarrassed at having spent my life gallivanting to far-flung places without once having visited it.

But my embarrassment was salutary. It reminded me that the naughtiness of England does not glow at all if you study its interior: that the naughtiness of England fades away entirely if you avoid its cities, towns and coast and strike into its countryside.

Some of England's national parks are pretty heavily visited, particularly the Lake District and the Peak District, each of which scores 30m visitor-days per year. But at the other end of the scale are the national park of Northumberland, the Norfolk Broads (a national park in all but name), Exmoor and the Yorkshire Dales. The other four British national parks are the Brecon Beacons, Dartmoor, the Pembrokeshire coast and Snowdonia - in total, more than 5,400 sq miles of protected and outstanding countryside, as fine as any in Europe.

If I were Adele Bliss of the English Tourist Board, I think

I would pipe down. I would stop worrying about the deficit on England's tourism account and conclude that the present figure was not particularly bad, all things considered.

I would accept that nothing can be done about English weather and acknowledge that the government does not care a damn about local VAT rates.

I would mourn that England possessed no coastal resort remotely in the class of Deauville, Rimini or Surfers' Paradise, and then shut up about it - confident that England's seaside resorts, led by hell-holes such as Great Yarmouth, will cling stubbornly to their grotti-ness until the end of time.

Finally, I would stop parrot-ing at conferences about under-used capacity, the public policy agenda and our rich tapestry of heritage.

Instead, I would spread the word about England's national parks and the rest of its splendid countryside, a task that could be accomplished for a fraction of the budget presently at my disposal. Ring Miss Bliss today. Ask her for a map to guide you on your travels. If she says she does not have one, tell her she should be fired.

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# Independent Schools: FT 500

## The old powers remain at the top of the league

John Authers assesses the results of the FT analysis of this summer's A-level results

Football fans will recognise the latest league tables of independent schools' A-level results.

A wealthy elite in the big cities gets first choice of all the most promising talent, so barely half a dozen have even a chance of coming first. Outside this premier league, competition is often fiercer, but the top positions are out of reach.

Each of this year's top four schools - Westminster, Eton, St Paul's and Winchester - has had an average placing in the top five in the previous five years, while only one of the top 12 - Downe House, a Berkshire girls' boarding school - had not had an average ranking in the top 20.

Big-city day schools with wide catchment areas, and boarding schools with an international reputation such as Eton and Winchester, attract more applicants and are able to select able students. In many cases they also have strong financial resources, and their reputations make them proof against the recession.

Fears that the stratified English education system has created a self-reinforcing elite seem to have some justification. All the top four schools were among the nine "great" public schools identified by the Clarendon Commission, 130 years ago. The other five - Harrow (34th), Charterhouse (45th), Shrewsbury (46th), Merchant Taylors' (49th) and Rugby (55th) - all fared well.

Meanwhile the wave of recession blew through the rest of the independent sector, with boarding numbers falling by 5.5 per cent. With fewer children applying, many schools have no choice but to become less selective. There are no A-level results printed here for the schools which have closed or merged with others since the end of last term, such as Felixstowe College in Suffolk, or Lamsdowne near Malvern.

The FT excludes from its survey schools which have less than 10 candidates, as results for such schools might be statistically insignificant. This year, that meant cutting out 28, several of which produced weak results.

The enduring strength of the traditional elite is the most startling feature of the table, but the showing by girls' schools outside the elite is scarcely less impressive.

Girls' schools have poorer resources than boys' schools. They are also coming under increasing competition from boys' schools which have

### THE FT TOP THIRTY SCHOOLS

Rank	School	Town/County	5-yr rank	FT score	Passes/pupil	Boys/girls	Type
1	Westminster School	London, Greater London	4	1.54	3.6	83	Dy
2	Eton College	Windsor, Berkshire	5	1.53	3.6	84	Bd
3	St Paul's School	London, Greater London	3	1.52	3.6	8	Dy
4	Winchester College	Winchester, Hampshire	2	1.51	3.6	8	Bd
5	North London Collegiate	Edgware, Greater London	6	1.46	3.4	8	Dy
6	Royal Grammar School	Guildford, Surrey	20	1.43	3.3	8	Dy
7	Manchester Grammar School	Manchester, Greater Manchester	7	1.42	3.4	8	Dy
8	Downe House	Newbury, Berkshire	58	1.41	3.2	8	Bd
9	King Edward VI High for Girls	Birmingham, West Midlands	11	1.41	3.2	8	Dy
10	St Paul's Girls' School	London, Greater London	6	1.41	3.2	8	Dy
11	King's College School	London, Greater London	13	1.39	3.3	8	Dy
12	King Edward's School	Birmingham, West Midlands	1	1.38	3.3	8	Dy
13	Malvern Girls' College	Malvern, Hereford and Worcester	42	1.38	3.2	8	Bd
14	Lady Eleanor Holmes	Hampton, Greater London	39	1.38	3.6	8	Dy
15	Wycombe Abbey School	High Wycombe, Buckinghamshire	10	1.38	3.1	8	Bd
16	Witchington Girls' School	Manchester, Greater Manchester	12	1.37	3.2	8	Dy
17	Guildford High for Girls	Guildford, Surrey	41	1.37	3.1	8	Dy
18	South Hampstead High School	London, Greater London	19	1.36	3.2	8	Dy
19	Bedrington School	Bristol, Avon	78	1.36	3.2	8	Bd
20	University College School	London, Greater London	21	1.35	3.1	8	Dy
21	Bradford Grammar School	Bradford, West Yorkshire	22	1.35	3.5	8	Dy
22	Haberdashers' Aske's for Girls	Elstree, Hertfordshire	16	1.35	3.2	8	Dy
23	Radley College	Abingdon, Oxfordshire	23	1.35	3.7	8	Bd
24	Cheltenham Ladies' College	Cheltenham, Gloucestershire	30	1.34	3.1	8	Bd
25	Haberdashers' Aske's	Bonhamwood, Hertfordshire	9	1.34	3.4	8	Dy
26	Perse School, The	Cambridge, Cambridgeshire	17	1.33	3.1	8	Dy
27	Rodden School	Brighton, East Sussex	66	1.33	3.4	8	Bd
28	Perse School for Girls	Cambridge, Cambridgeshire	35	1.32	3.1	8	Dy
29	Abingdon School	Abingdon, Oxfordshire	55	1.32	3.3	8	Dy
30	Godolphin & Latymer School	London, Greater London	26	1.32	3.1	8	Dy

B = at least 75 per cent boys; BG = boys' schools with co-ed sixth form with at least 25 per cent girls; G = at least 75 per cent girls; Dy = at least 50 per cent day pupils; Bd = at least 50 per cent boarders

opened their sixth forms to girls, such as Westminster. But this year, several girls' schools, most spectacularly Downe House, registered impressive leaps in the tables compared with their usual performance.

At face value, these results are a strong case against co-education. The highest-ranked school which is mixed throughout its age groups, rather than just in the sixth form, is Bablake School in Coventry, which came 37th.

This may be due to the historical accident that most independent schools are single-sex, and those which are already the most successful have no incentive to change.

But Sue Cameron, headmistress of Downe House, suggests that single-sex education allows girls to avoid the sexual stereotype that they should not do science. The school's 10 successful Oxbridge applicants include students going on to read chemistry, material sciences and experimental psychology.

League tables themselves arouse controversy. While schools, particularly in the independent sector, accept that rankings are inevitable, A-level results can be judged in several ways, which lead to different league tables.

The FT's statistics, using data supplied by the Independent Schools Information Service, have tried to make these

columns as inclusive, and as proof against manipulation, as possible. They are based on total UCAS points, which include both A-levels, and the new AS-levels ("Advanced Supplementary") which are intended to be as difficult as A-levels, but with smaller syllabuses.

All grades achieved, not just As and Bs, are taken into account, giving a full picture of a school's academic strength, and crediting extra options such as AS levels. However, general studies A-level, which is often ignored by university admissions tutors, has been excluded from all the FT's calculations.

The FT has also aimed to avoid over-simplification by ranking schools using two separate scores - UCAS points per entry, and UCAS points per pupil. The former gives the average grade in each exam taken, while the latter gives the total grades each pupil has on average accumulated. Arguments could be made for either measure. The former can be manipulated by deliberately withdrawing pupils from A-levels where they do not seem likely to do well, while the latter rewards "exam factories" where pupils commonly take more than the standard three subjects.

League tables compiled using the two measures would be different, as a glance down

the columns headed UCAS points per entry and UCAS points per pupil shows. The two have been combined to give the ranking score (for which the precise formula is points per pupil plus three times the points per candidate divided by four).

As the bald ranking can unfairly accentuate what are often marginal differences between schools' results, the figure in the second column gives an "FT score" which shows by how much a school has varied from the norm.

This is calculated so that an average school will score 1.00. This was achieved by the schools ranked from 263 to 269, and is equivalent to roughly 18 UCAS points, or three Cs per pupil. By comparison, Westminster, with an FT score of 1.54, was 54 per cent better than the norm. If this sounds a little bland, consider that Westminster's pupils achieved this score by amassing 314 A-grades - rather more than half the total - along with 129 Bs, 51 Cs, 19 Ds and four Es. They only failed four A-levels between them.

At a less exalted level, schools can be separated by 20 or 30 positions in the rankings, but have almost identical FT scores. If this is the case, it would be unwise to put emphasis on the "superior" school's higher ranking.

One disadvantage of ranking

by A-level results is that it is almost impossible to treat fairly schools which ask students to study more subjects in the sixth form, via Scottish Highers, or the International Baccalaureate. Both are respected by universities, while the Headmasters' Conference, which represents the most prestigious independent boys' schools, says A-levels have "passed their sell-by date" because they are too specialised.

No schools offering Scottish Highers have been included, as there is no agreed fair way to rank them. However, they will be covered in the FT-1,000 guide to secondary schools, published in October.

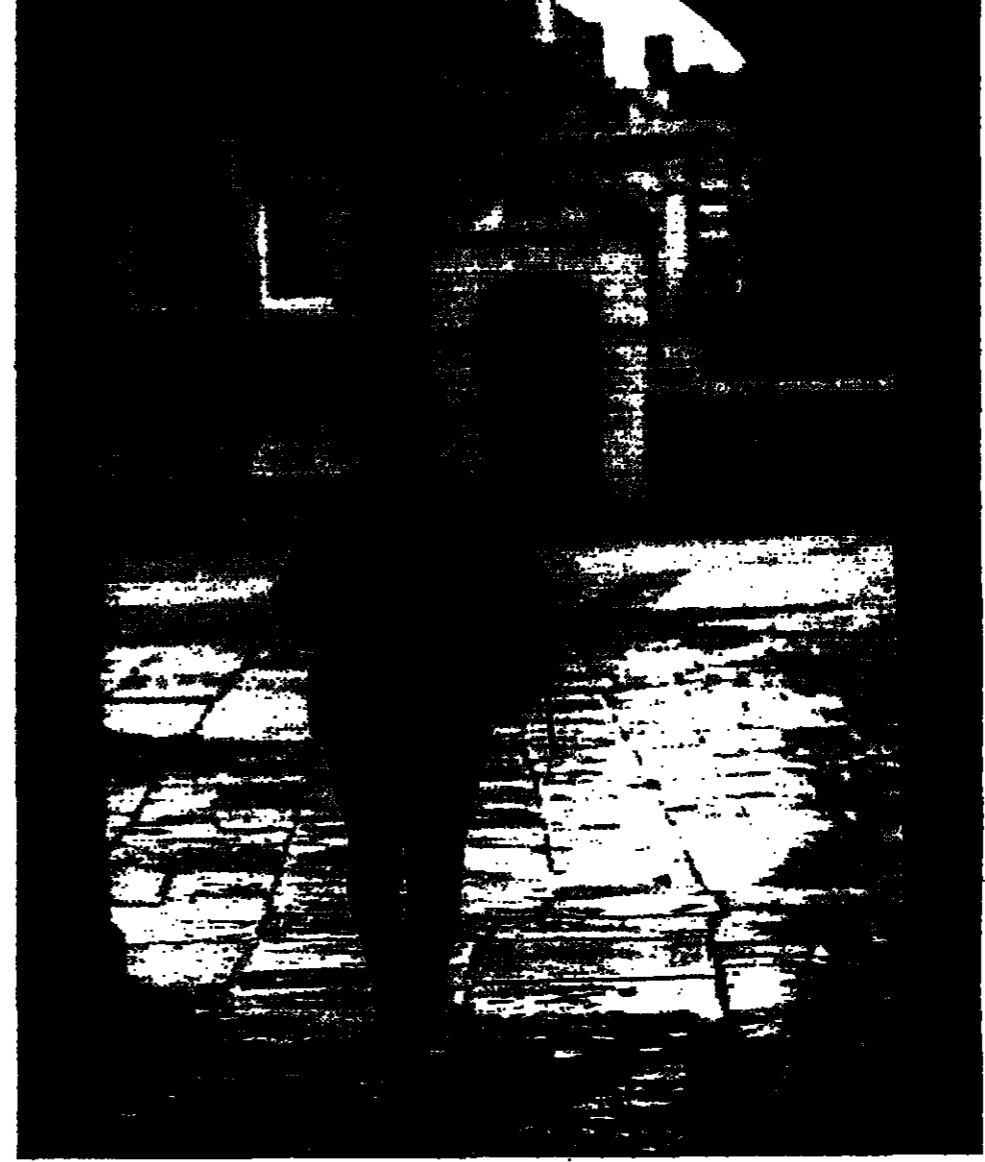
The figures for Cheltenham College, Malvern College, and Sevenoaks School incorporate results for some candidates for the International Baccalaureate, using an agreed points conversion scheme. All three are probably disadvantaged as the baccalaureate is regarded as a harder qualification. It is reserved for the ablest pupils who might have piled up As in A-levels. Even so, if Sevenoaks' 19 candidates are treated as one "school", they finish seventh. Once A-level candidates are included, the school ranks in the 50s.

These FT tables have two more profound disadvantages. One is that they cover only independent schools, and so do not enter into the question of whether it is worth opting out of the state sector. The FT-1,000 will incorporate state schools, but there is no central statistical body for the state sector to parallel the role of Isis for independent schools, so we are not yet able to publish complete statistics for them.

A second disadvantage is that they do not control for a school's ability to select its pupils. The main factor behind the success of the top schools is that most of their pupils are very able, and their success is thus of no interest to parents with less academically able children who would not be able to gain admission.

A system which takes into account pupils' ability and sees how much value schools in the state-maintained and independent sectors have added would be more useful. This is harder to deliver than it sounds, but one of the first attempts to assess "value-added", produced by statisticians at the Department for Education, suggests strongly that independent schools can improve children's A-level scores.

It compared the A-level point-scores that students



The doorway to success: Westminster, top of the FT's independent schools league

Tony Adams

achieved last year with the score they had obtained in their GCSE exams.

As might be expected, children who did well at GCSE were the most likely to get good A-level grades. But the statisticians found that, regardless of a pupil's achievements at GCSE, they were more likely to get good A-levels in independent schools than in the state sector.

For example, 42 per cent of the state school pupils achieving 70 or more GCSE points (equivalent to 10 grade As) went on to get three or more grade As at A-level. But this feat was managed by 61 per cent of independent school pupils with similar GCSEs.

At a level within reach of rather more children, 11 per cent of independent school pupils who had only managed between 45 and 49 GCSE points - equivalent to about eight

B-grades - went on to score three As at A-level; while 56 per cent of them managed at least 15 A-level points.

In state schools, only 1 per cent of pupils with GCSE scores in this range achieved three As or better at A-level, while only a quarter managed 15 A-level points.

These figures must carry a health warning. This is their first year, and they may prove to be a freak. Even independent schools were surprised by them, as they felt that they should already have added value to their pupils by the time they took GCSE. It is theoretically possible, albeit unlikely, that private schools look good on this analysis because their children underperform at the age of 16. As they stand, the figures must be accepted as a powerful case for independent education, at least at sixth-form level.

### How to read the tables

All schools are ranked on a single scale from 1-500. The five-year rank is based on an average of each school's results for 1989, 1990, 1991, 1992, 1993. In the FT Score, 1.00 represents the average for all schools; schools with a score higher than 1.00 achieved higher-than-average A-level results; those with a score less than 1.00 achieved lower-than-average results. UCAS points are based on the UCAS system - for A-levels: grade A = 10 points; grade B = 8 points; grade C = 6 points; grade D = 4 points; grade E = 2 points; grade F = 1 point; grade G = 0 points.

Rankings and scores are all based on an average of a school's UCAS points per entry and its UCAS points per pupil, which have been equally weighted. All details are provisional and subject to correction by the Independent Schools Information Service.

### Independent Schools 1994 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/pupil	UCAS points/entry	UCAS points/pupil
19	Bedrington School	Bristol	76	1.36	3.1	8.2	25.7
185	Bath High School	Bath	102	1.09	3.0	6.7	20.3
357	Bristol Cathedral School	Bristol	258	0.89	2.7	5.5	18.3
63	Bristol Grammar School	Bristol	94	1.24	3.0	7.5	23.2
243	Clifton College	Bristol	181	1.02	2.9	6.3	19.0
272	Clifton High School	Bristol	198	1.10	2.8	5.8	20.5
320	Colston's Collegiate School	Bristol	418	0.92	2.7	5.8	16.9
166	Colston's Girls' School	Bristol	294	1.00	2.9	6.2	18.3
246	Downside School	Bath	243	1.02	2.9	6.2	18.3
114	King Edward's School	Bath	144	1.18	3.1	6.9	22.2
249	Kingwood School	Bath	299	1.02	2.7	6.3	18.6
295	Morkton Combe School	Nr. Bath	289	0.96	2.8	5.8	18.5
240	Prior Park College	Bath	318	1.03	2.9	6.3	19.3
193	Queen Elizabeth's Hospital	Bristol	132	1.08	2.9	6.5	20.7
138	Red Meads' School	Bristol	109	1.13	3.1	6.8	21.7
105	Redland High School	Bristol	204	1.17	3.0	7.2	22.0
432	Royal School, The	Bristol	431	0.78	2.7	4.8	14.7
375	Sidcot School	Wincoburne	394	0.85	2.5	5.6	14.9
County Average				1.04	2.9	6.4	19.5
132	Bedford High School	Bedford	212	1.14	2.8	7.1	21.0
148	Bedford Modern School	Bedford	150	1.12	3.4	6.5	22.1
154	Bedford School	Bedford	149	1.12	3.0	6.8	21.0
230	Dame Alice Harpur School	Bedford	222	1.03	2.9	6.4	19.2
County Average				1.10	3.0	6.7	20.8
39	Abbey School, The	Reading	37	1.29	3.2	7.7	24.6
484	Beaumont College	Wokingham	473	0.98	2.2	3.7	10.9
293	Bradfield College	Reading	207	1.00	2.8	6.1	19.2
390	Brigflote School, The	Windsor	433	0.83	2.5	5.2	15.4
377	Deane School	Reading	289	0.85	2.6	5.2	15.8
8	Downe House	Newbury	59	1.41	3.2	8.6	26.8
2	Eton College	Windsor	5	1.53	3.5	8.8	30.4
200	Heathfield School	Ascot	295	1.07	2.9	6.6	19.6
280	Laithorn Park School	Reading	327	1.01	2.8	6.1	19.2
441	Licensed Victuallers School	Ascot	476	0.76	2.2	4.9	13.8
296	Lusley Oakfield School	Wokingham	387	0.96	2.6	6.2	17.2
118	Oratory School, The	Nr. Reading	81	1.16	3.0	7.0	21.9
413	Pangbourne College	Reading	409	0.81	2.5	4.9	15.3
464	Presentation College	Reading	249	0.69	2.4	4.4	12.4
126	Queen Anne's School	Caversham	138	1.15	3.0	7.1	21.5
305	Reading Blue Coat School	Reading	280	0.95	2.6	6.0	17.0
205	St. George's School	Ascot	184	1.06	2.8	6.6	19.4
392	St. Joseph's Convent School	Reading	396	0.89	2.8	5.2	15.4
75	St. Mary's School	South Ascot	57	1.22	2.8	7.5	22.5
86	Wallington College	Crowthorne	74	1.18	3.2	7.0	22.9
County Average				1.01	2.8	6.2	19.0
401	Pipers Corner School	High Wycombe	N/A	0.82	2.5	5.3	14.6
310	St. Mary's School	Gerrards Cross	449	0.94	3.0	5.9	17.3
248	Stowe School	Buckingham	259	1.02	3.0	6.3	18.9
15	Wycombe Abbey School	High Wycombe	10	1.38	3.1	8.3	26.1
County Average				1.04	2.9	6.4	19.2

### Independent Schools 1994 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/pupil	UCAS points/entry	UCAS points/pupil
Cambridgeshire							
273	Kimbolton School	Huntingdon	233	0.89	2.7	6.2	18.1
371	King's School	By	255	0.86	2.9	6.2	18.5
215	Leyce School, The	Cambridge	208	1.05	2.7	6.6	19.2
28	Perse School for Girls	Cambridge	35	1.32	3.1	8.0	25.0
26	Perse School, The	Cambridge	17	1.33	3.0	8.1	25.2
402	Peterborough High School	Peterborough	424	0.82	2.6	5.2	14.9
183	St. Mary's School	Cambridge	188	1.09	2.8	7.0	19.8
291	Wisbech Grammar School	Wisbech	306	0.97	3.1	5.8	18.6
County Average				1.05	2.8	6.5	19.6
Channel Islands							
422	Elizabeth College	Guernsey	183	0.80	2.6	4.9	14.9
106	Ladies College	Guernsey	162	1.17	3.0	7.1	22.0
301	Victoria College	Jersey	323	0.95	2.6	5.9	17.5
Average				0.97	2.8	5.9	18.1
Cheshire							
426	Abbey Gate College	Chester	371	0.79	2.4	5.0	14.6
144	Cheadle Hulme School	Cheadle	139	1.12	2.8	7.0	20.8
474	Culcheth Hall	Altrincham	407	0.84	2.2	4.1	11.9
136	Grange School, The	Northwich	115	1.13	3.1	6.6	22.1
57	King's School	Chester	28	1.25	3.1	7.4	24.1
231	King's School, The	Macclesfield	200	1.03	2.8	6.3	19.4
363	Mount Carmel School	Alderley Edge	320	0.87	2.8	5.3	16.4
499	North Cestrian Grammar Sch	Altrincham	444	0.67	2.1	4.2	12.3
40	Queen's School, The	Chester	24	1.29	3.1	7.8	24.3
471	St. Hilary's School	Alderley Edge	406	0.66	1.9	4.1	12.0
335	St. Ambrose College	Altrincham	338	0.90	2.6	5.6	16.8
192	Stockport Grammar School	Stockport	106	1.08	2.7	6.7	20.0
County Average				0.95	2.6	5.8	17.8
Cleveland							
208	Teeside High for Girls	Stockton-on-Tees	195	1.05	3.0	6.4	19.8
245	Yarm School	Yarm	197	1.02	2.9	6.1	19.4
County Average				1.03	3.0	6.2	19.6
Cornwall							
228	Turo High for Girls	Turo	282	1.04	2.8	6.4	19.3
262	Turo School	Turo	215	1.00	2.8	6.1	18.8
County Average				1.02	2.9	6.2	19.0
Cumbria							
343	Austin Friars School	Carlisle	288	0.80	2.6	5.5	16.8
187	Casterton School	Kirkby Lonsdale	131	1.09	2.8	6.8	20.0
204	Sedburgh School	Sedburgh	240	1.08	3.1	6.4	20.3
459	St. Anne's School	Windermere	304	0.70	2.2	4.4	12.9
277	St. Bees School	St. Bees	331	0.89	2.6	6.1	18.3
County Average				0.94	2.7	5.8	17.6
Derbyshire							
195	Derby High School	Derby	239	1.07	2.7	6.9	19.2
358	Mount St. Mary's College	Vy. Sheffield	423	0.88	2.6	5.4	16.5
436	Ockbrook School	Nr. Derby	400	0.78	2.3	5.0	13.6
322	Rapton School	Derby	144	0.92	2.7	5.8	17.4
290	St. Elphin's School	Mistook	373	1.02	3.0	6.2	19.1
157	Trent College	Nottingham	209	1.11	3.2	6.6	21.1
County Average				0.96	2.8	5.9	17.8

# Independent Schools: FT 500

## Independent Schools 1994 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/entry	UCAS points/entry	UCAS points/pupil
<b>Essex (cont)</b>							
271	New Hall School	Chelmsford	312	0.99	2.7	6.3	18.0
333	Park School for Girls	Mildred	283	0.91	2.7	5.6	18.5
<b>County Average</b>							
<b>Gloucestershire</b>							
164	Cheltenham College	Cheltenham	122	1.11	3.0	6.6	21.2
24	Cheltenham Ladies' College	Cheltenham	30	1.04	3.1	8.1	25.5
112	Dean Close School	Cheltenham	159	1.16	3.0	7.1	22.0
211	King's School	Gloucester	328	1.05	2.8	6.5	19.5
400	Rendcomb College	Nr. Cirencester	348	0.82	2.6	5.1	15.4
494	St. Edward's School	Cheltenham	382	0.78	2.4	5.0	13.9
418	Westonbirt School	Tetbury	428	0.81	2.7	5.0	15.0
353	Wycombe College	Stonehouse	517	0.99	2.8	5.1	16.2
<b>County Average</b>							
<b>Greater London</b>							
149	Alley's School	London	211	1.12	3.0	6.8	21.1
361	Boston School	London	436	0.98	2.5	5.3	16.5
454	Blackheath School	Blackheath	463	0.78	2.5	4.5	13.4
158	Blackheath High School	Blackheath	143	1.11	2.9	6.8	21.0
86	Channing School	London	103	1.23	3.0	7.6	22.9
31	City of London School	London	34	1.32	3.2	7.9	25.2
44	City of London Sch. for Girls	London	45	1.28	3.1	7.7	24.1
269	Colley's School	London	286	0.92	2.9	5.5	17.3
59	Crofton High School	South Croydon	281	1.00	2.7	6.1	18.6
134	Dulwich College	London	88	1.24	3.2	7.5	23.7
421	Ealing College Upper	London	N/A	0.80	2.5	4.9	14.8
94	Ethelton College	London	32	1.19	3.1	7.1	22.7
403	Erasmus School	London	402	0.82	2.4	5.3	14.5
238	Forest School	London	194	1.06	3.0	6.5	19.8
101	Francis Holland Clermont Gate	London	165	1.18	2.8	7.4	21.7
241	Francis Holland School	London	244	1.03	2.7	6.5	18.7
30	Godolphin & Lushington School	London	28	1.32	3.1	8.0	25.1
488	Hallford / St. David's	Shepperton	465	0.86	2.2	4.3	12.6
190	Hampton School	Hampton	118	1.08	3.5	8.2	21.6
34	Harrow School	Harrow on the Hill	50	1.30	3.1	7.8	24.7
217	Heathfield School	Planner	256	1.05	2.8	6.4	19.5
75	Higginbotham School	London	147	1.22	3.2	7.3	23.2
405	Ilford Ladies' High School	Ilford	271	0.82	2.6	5.1	14.9
51	James Allen's Girls' School	London	27	1.27	3.0	7.7	23.8
186	John Lyon School/The	Harrow	116	1.10	2.8	6.6	21.1
116	King Alfred School	London	325	1.16	2.9	6.9	22.9
11	King's College School	London	13	1.38	3.2	8.3	27.0
278	Kingston Grammar School	Kingston upon Thames	196	0.99	2.7	6.0	18.6
14	Lady Eleanor Hall	Hampton	39	1.38	3.5	8.1	27.0
140	Laymar Upper School	London	110	1.13	3.0	6.9	21.2
49	Leighton Hill School	Northwood	155	1.27	3.0	7.7	23.9
182	Mill Hill School	London	242	1.12	3.0	6.7	21.4
404	More House School	London	135	0.82	2.4	5.1	15.1
409	Mount School	Edgware	378	0.81	2.5	5.0	15.1
5	North London Collegiate	Edgware	8	1.46	3.4	8.6	28.3
197	Northwood College	Northwood	250	1.07	2.7	6.8	19.5
32	Notting Hill & Ealing High	London	106	1.31	2.9	8.1	24.4
120	Old Palace of John Whitgift	Croydon	67	1.15	2.9	7.1	21.5
62	Purcell School of Music	Harrow on the Hill	231	1.10	2.2	7.7	17.8
189	Putney High School	London	134	1.24	3.0	7.7	23.9
228	Queen's College London	London	287	1.04	2.8	6.5	18.8
408	Queen's Gate School	London	311	0.81	2.5	5.2	14.8
388	Royal Russell School	Croydon	437	0.87	2.4	5.3	15.7
16	South Hampstead High School	London	19	1.36	3.1	8.2	25.7
236	St. Benedict's School	London	328	1.03	2.7	6.3	19.2
287	St. Dunstan's College	London	296	1.00	2.7	6.2	18.5
77	St. Helen's School	Northwood	89	1.22	2.9	7.5	22.7
313	St. James Independent Boys	London	397	0.94	3.0	6.7	17.7
238	St. James Independent Girls	London	351	1.03	2.8	6.8	18.8
10	St. Paul's Girls' School	London	3	1.41	3.1	8.4	28.9
10	St. Paul's School	London	3	1.52	3.6	8.6	30.7
175	Streatham Hill & Clapham High	London	234	1.10	2.9	6.7	20.6
180	Sutton High School	Kingston upon Thames	108	1.06	2.8	6.8	20.1
83	Sutton High School	Sutton	137	1.21	3.1	7.3	22.8
348	Sydenham High School	London	340	0.88	2.5	5.7	17.9
138	Trinity School	Croydon	130	1.13	3.1	6.8	21.6
20	University College School	London	21	1.35	3.1	8.2	25.6
1	Westminster School	London	4	1.84	3.5	9.7	32.7
67	Whitgift School	South Croydon	73	1.19	3.1	7.2	22.8
41	Wimbledon High School	London	48	1.28	3.1	7.9	24.0
<b>County Average</b>							
<b>Greater Manchester</b>							
153	Chetham's School of Music	Manchester	164	1.12	2.2	7.9	17.7
7	Manchester Grammar School	Manchester	7	1.42	3.3	8.4	27.5
71	Manchester High for Girls	Manchester	53	1.23	3.2	7.4	23.4
283	St. Bede's College	Manchester	310	0.87	2.7	6.0	18.0
354	William Hulme's Grammar	Manchester	319	0.89	2.6	5.4	16.6
16	Withington Girls School	Manchester	12	1.37	3.1	8.3	26.0
<b>County Average</b>							
<b>Hampshire</b>							
419	Alley School/The	Southampton	388	0.80	2.4	5.2	14.1
151	Bedeale School	Petersfield	107	1.12	3.0	6.7	21.3
334	Church's College	Petersfield	257	0.90	2.7	5.7	16.5
491	Embley Park School	Romsey	482	0.85	2.1	5.5	10.0
182	Farnborough Hill	Farnborough	225	1.09	2.8	7.1	20.4
125	King Edward VI School	Southampton	47	1.15	3.0	7.0	21.8
282	Lord Wandsworth College	Nr. Basingstoke	281	0.86	2.6	6.1	18.1
476	North Foreland Lodge	Basingstoke	173	0.83	2.5	4.0	11.6
40	Portsmouth Grammar School	Portsmouth	70	1.27	3.0	7.7	24.0
89	Portsmouth High School	Southsea	14	1.19	3.1	7.1	22.8
445	St. John's College	Southsea	369	0.75	2.4	4.8	13.4
387	St. Nicholas' School	Fleet	345	0.84	3.0	5.2	15.5
47	St. Swithun's School	Winchester	64	1.27	3.0	7.0	21.8
494	St. Swithun's School	Winchester	485	0.61	1.3	3.1	8.0
4	Winchester College	Winchester	2	1.51	3.6	8.6	30.2
<b>County Average</b>							
<b>Hertfordshire</b>							
128	Abbas Ottery School	Worcester	146	1.15	3.0	7.1	21.3
128	Baldwin Abbey School	Hatfield	N/A	0.79	2.2	5.2	13.7
198	Bromsgrove School	Bromsgrove	307	1.07	3.0	6.5	20.1
178	Hatfield Cathedral School	Hatfield	182	1.10	2.9	6.7	20.3
420	Holy Trinity School	Kidderminster	353	0.80	3.2	4.8	15.7
137	King's School/The	Worcester	104	1.13	3.0	6.9	21.4
184	Malvern College	Malvern	100	1.09	3.1	6.4	21.2
13	Malvern Girls' College	Malvern	42	1.38	3.2	8.3	26.4
250	RHS New College Worcester	Worcester	385	0.97	3.0	6.7	18.9
168	Royal Grammar School	Worcester	123	1.10	3.2	6.6	21.2
374	St. James's and The Abbey	West Malvern	367	0.86	2.5	5.6	15.0
385	St. Mary's Convent School	Worcester	301	0.84	2.4	5.3	15.5
<b>County Average</b>							
<b>Hertfordshire (cont)</b>							
446	Albanham School	Elstree	442	0.74	2.2	4.8	13.7
141	Berkhamsted School	Berkhamsted	183	1.13	3.1	6.7	21.6
109	Berkhamsted for Girls	Berkhamsted	66	1.17	3.2	7.0	22.0
286	Bishop's Stortford College	Bishop's Stortford	191	0.88	2.6	5.9	17.1
25	Harpenden School	Harpenden	9	1.34	3.4	7.9	25.1
177	Hatfield School	Hatfield	16	1.35	3.1	8.2	25.6
225	Princess Helena College	Hatfield	117	1.10	2.9	6.7	20.3
308	Queenswood School	Hatfield	190	1.04	2.8	6.5	19.1
461	Rickmansworth Masonic Sch	Rickmansworth	238	0.94	2.7	5.9	17.4
54	St. Albans High for Girls	St. Albans	421	0.70	2.2	4.8	12.9
189	St. Albans School	St. Albans	215	1.25	3.0	7.8	23.6
171	St. Christopher's School	Letchworth	176	1.08	3.0	6.6	20.6
275	St. Edmund's College	Ware	346	1.10	3.0	6.8	20.3
347	St. Francis' College	Letchworth	389	0.89	3.4	5.8	19.2
410	St. Margaret's School	Bushy	385	0.86	2.4	5.7	16.0
<b>County Average</b>							
<b>Humberdale</b>							
435	Hull Grammar School	Kingston upon Hull	N/A	0.78	2.3	5.0	13.8
228	Hull High School	Kingston upon Hull	218	1.03	2.8	6.5	18.8
227	Hymers College	Hull	145	1.04	2.9	6.3	19.4
278	Pocklington School	York	315	0.98	3.0	5.9	18.9
470	St. James School	Grimsby	477	0.82	1.7	4.2	10.5
<b>County Average</b>							
<b>Isle of Man</b>							
388	King William's College	Isle of Man	341	0.84	2.8	5.2	15.5
<b>County Average</b>							
<b>Isle of Wight</b>							
486	Bembridge School	Isle of Wight	459	0.58	2.1	3.8	10.8
308	Ryde School	Ryde	277	0.94	2.8	5.8	18.1
473	Upper Clive School	Shanklin	489	0.65	2.5	4.2	11.7
<b>County Average</b>							
<b>Kent</b>							
221	Ashford School	Ashford	202	1.04	2.9	6.8	19.4
455	Badbury School	Canterbury	456	0.72	2.0	4.6	12.3
188	Beechwood Sacred Heart	Tunbridge Wells	339	1.08	3.4	6.2	21.8
70	Benenden School	Canterbury	77	1.29	3.5	7.4	23.3

## Independent Schools 1994 'A' Level Results

Rank	School	Town	5-yr rank	FT score	Passes/ pupil	UCAS points/ entry	UCAS points/ pupil
Kent (cont)							
448	Bethany School	Canterbury	460	0.74	2.2	4.8	13.1
163	Bromley High School	Bromley	210	1.11	2.8	6.8	20.4
304	Cobham Hall School	Nr. Gravesend	357	0.85	3.2	5.4	18.8
472	Combe Bank School	Nr. Sevenoaks	363	0.68	1.8	4.3	11.6
463	Dover College	Dover	430	0.89	2.0	4.5	12.2
302	Duke of York's Royal Military	Dover	253	0.95	2.8	5.8	17.8
431	Farringtons and Stratford Hse	Graveyard	491	0.79	2.4	4.9	14.5
218	Holy Trinity College	Canterbury	321	1.05	2.6	6.8	18.7
238	Kent College	Canterbury	186	0.97	3.0	5.8	18.6
338	Kent College Pembury	Pembury	375	0.90	2.9	5.7	16.3
42	King's School	Canterbury	29	1.28	3.4	7.5	25.0
180	King's School	Rochester	280	1.11	3.0	6.7	21.1
58	Sevenoaks School	Sevenoaks	51	1.25	3.3	7.4	24.1
360	St Augustine's College	Westgate-on-Sea	429	0.57	1.9	3.8	10.4
380	St Edmund's School	Canterbury	388	0.88	2.5	5.5	16.0
298	St Lawrence College	Ramsgate	248	1.00	2.8	6.2	18.3
389	Sutton Valence School	Medstone	454	0.84	2.6	5.0	16.1
36	Tonbridge School	Tonbridge	15	1.29	3.2	7.7	24.9
406	Ursuline Convent School	Westgate-on-Sea	351	0.82	2.5	5.0	15.4
107	Walthamstow Hall	Sevenoaks	199	1.17	3.0	7.0	22.3
344	West Heath School	Sevenoaks	445	0.90	2.9	5.5	16.7
County Average				0.96	2.7	5.6	17.9
Leicestershire							
182	Arnold School	Blackpool	238	1.11	3.0	6.7	20.8
62	Batford School (Boys Div.)	Batton	78	1.21	3.0	7.4	22.5
123	Batford School (Girls Div.)	Batton	85	1.15	2.9	7.1	21.6
270	Bury Grammar School	Bury	174	0.99	2.7	6.1	18.4
247	Bury Grammar School (Girls)	Bury	223	1.02	2.9	6.3	18.9
443	Estmote Girls School	Blackpool	408	0.75	2.2	4.9	13.3
352	Hulme Grammar School	Oldham	192	0.89	2.6	5.5	16.5
113	Hulme Grammar for Girls	Oldham	195	1.16	2.8	7.2	21.0
323	King Edward VII School	Lytham	380	0.82	2.6	5.7	17.5
457	Kingsman Grammar School	Preston	343	0.91	2.4	5.4	16.8
255	Queen Elizabeth's Grammar	Blackburn	171	1.01	2.7	6.2	18.9
384	Queen Mary School	Lytham	305	0.84	2.7	5.3	15.5
456	Rossall School	Fleetwood	330	0.73	2.4	4.6	13.2
282	Stonyhurst College	Oldthorpe	180	0.88	2.8	5.8	18.5
331	Westholme School	Blackburn	274	0.91	2.7	5.6	17.0
County Average				0.95	2.7	5.9	17.7
Leicestershire (cont)							
121	Leicester Grammar School	Leicester	44	1.15	3.0	7.0	21.8
280	Leicester High for Girls	Leicester	160	0.88	2.8	6.0	18.3
119	Loughborough Grammar School	Loughborough	113	1.15	2.9	7.0	21.7
75	Loughborough High School	Loughborough	83	1.22	2.8	7.6	22.5
91	Oakfield School	Oakham	159	1.19	3.0	7.3	22.2
357	Rushville College	Coventry	359	0.87	2.4	5.1	15.8
196	Uppingham School	Uppingham	221	1.07	2.7	6.9	21.1
County Average				1.09	2.8	6.7	20.2
Lincolnshire							
486	St. Joseph's School	Lincoln	399	0.69	2.1	4.7	11.3
220	Stamford High for Girls	Stamford	227	1.04	3.0	8.4	19.5
233	Stamford School	Stamford	219	1.03	2.9	8.3	19.3
County Average				0.92	2.7	5.8	16.7
Merseyside							
391	Belvedere School	Liverpool	236	0.83	2.4	5.3	15.1
123	Birkenhead High School	Birkenhead	136	1.15	3.0	7.0	21.9
178	Birkenhead School	Birkenhead	157	1.10	2.8	6.7	20.6
425	Liverpool College	Liverpool	278	0.80	2.4	5.0	14.6
69	Merchant Taylors' School	Liverpool	N/A	1.29	3.0	7.4	23.2
108	Merchant Taylors' for Girls	Liverpool	95	1.17	2.9	7.1	21.9
362	St. Ann's's College	Birkenhead	513	0.87	2.8	5.5	15.9
444	St. Edward's College	Liverpool	284	0.75	2.4	4.7	13.8
336	St. Mary's College	Great Crosby	370	0.90	2.8	5.6	16.7
500	Wellington School	Wirral	481	0.13	0.7	0.9	2.2
County Average				0.89	2.5	5.5	16.5
Norfolk							
145	Gresham's School	Holt	97	1.12	3.0	6.9	20.9
279	Henrietta's Old Hall School	Norwich	414	0.98	3.1	6.8	18.8
483	Langley School	Norwich	474	0.47	1.4	3.0	7.8
68	Norwich High School for Girls	Norwich	321	1.05	33.8	7.8	23.5
102	Norwich School	Norwich	153	1.18	2.9	7.2	22.1
417	Thetford Grammar School	Thetford	205	0.81	2.4	5.0	14.9
County Average				0.96	2.7	6.0	17.6
North Ireland							
388	Royal School,The	Dungannon	N/A	0.83	2.8	5.1	15.4
Average				0.83	2.8	5.1	15.4
North Wales							
115	Howell's School	Danbigh	298	1.16	2.8	7.1	21.7
161	Penrhyn College	Coleyn Bay	384	1.09	2.8	6.8	20.1
485	Ruthin School	Chyd	462	0.59	2.0	3.8	10.6
315	Rydal School	Coleyn Bay	352	0.94	2.7	5.7	17.5
483	St. David's College	Llandudno	443	0.60	2.0	4.0	10.3
County Average				0.87	2.5	5.4	16.0
North Yorkshire							
81	Ampleforth College	York	92	1.21	3.5	7.0	24.0
387	Ashville College	Harrogate	366	0.89	2.7	4.9	16.0
487	Ayton School	near Ayton	337	0.57	2.4	3.6	10.3
437	Barnham School	nr.Lancaster	458	0.77	2.4	5.0	13.5
74	Bootham School	York	282	1.22	3.5	6.6	25.5
499	Pyling Hall School	Nr.Whitby	486	0.16	1.0	1.0	2.8
351	Giggleswick School	Swale	398	0.89	2.5	5.6	16.1
572	Harrogate Ladies' College	Harrogate	216	0.86	2.7	6.2	18.3
244	Mount School,The	York	275	1.02	2.7	5.4	16.8
127	Queen Margaret's School	York	142	1.15	2.8	7.2	21.1
487	Reed School	Selby	484	0.40	1.8	2.3	7.9
327	Scarborough College	Scarborough	365	0.92	2.4	5.9	16.4
272	St. Hilde's School	Whitby	412	0.98	2.5	6.1	18.7
281	St. Peter's School	York	120	1.01	2.8	6.2	18.8
50	York College for Girls	York	247	1.27	2.8	7.8	23.6
County Average				0.88	2.6	5.3	16.6
Northamptonshire							
208	Northampton High School	Northampton	229	1.06	3.1	6.5	19.9
98	Oundle School	Northampton	92	1.26	3.5	7.5	25.2
267	Wellingborough School	Wellingborough	175	1.03	2.6	6.5	18.5
County Average				1.12	3.1	6.6	21.3
Northamptonshire (cont)							
373	Longridge Towers School	Berwick-upon-Tweed	303	0.85	3.1	4.7	17.4
County Average				0.85	3.1	4.7	17.4
Nottinghamshire							
73	Nottingham High School	Nottingham	91	1.22	3.0	7.8	22.6
89	Nottingham High for Girls	Nottingham	82	1.26	3.1	7.7	23.7
394	Worksop College	Worksop	446	0.83	2.6	5.0	15.7
County Average				1.10	2.9	6.7	20.8
Oxfordshire							
29	Abingdon School	Abingdon	55	1.33	3.3	7.8	25.6
261	Bloxham School	Nr Banbury	383	0.98	2.9	6.0	18.3
258	Carnel College	Wallingford	178	1.01	2.7	6.3	18.4
498	Colchester School	Witney	487	0.38	1.4	2.5	6.8
66	Headington School	Oxford	79	1.23	3.4	7.4	23.3
486	Headleban Hill School	Kingham	479	0.49	1.8	2.6	6.9
318	Henleigh Ladies' College	Oxford	39	1.14	3.0	8.9	21.7
413	Ox Lady's Convent Senior	Abingdon	347	0.93	2.4	6.2	15.9
283	Oxford High School	Oxford	40	1.28	3.1	7.7	24.3
231	Radley College	Abingdon	29	1.35	3.6	7.7	27.0
381	Rye St Antony School	Oxford	285	0.84	2.7	5.3	15.6
482	Shipton College	Henley-on-Thames	471	0.61	2.0	4.2	10.3
282	St Edward's School	Oxford	119	1.06	2.9	6.5	20.0
95	St Helen & St Katharine	Abingdon	88	1.25	3.2	7.5	24.0
307	St Mary's School	Wallingford	279	0.94	2.5	6.0	17.0
93	Tucker Hall School	Banbury	128	1.19	2.9	7.3	22.0
169	Wychwood School	Oxford	368	1.07	2.8	6.6	19.6
County Average				0.99	2.7	6.1	18.6
Scotland							
294	Gordonstoun School	Monry	230	0.97	2.8	6.0	17.9
Average				0.97	2.8	6.0	17.9
Shropshire							
415	Bickstone College	Bucknell	419	0.81	2.2	5.2	14.5
395	Ellemere College	Ellemere	435	0.83	2.4	5.3	15.0
306	Horwton Hall School	Cowesby	287	0.93	2.9	5.8	17.7
398	Shrewsbury School	Cowesby	332	0.72	2.3	4.5	13.0
143	Shrewsbury High School	Shrewsbury	75	1.15	2.5	7.0	20.9
46	Shrewsbury School	Shrewsbury	48	1.27	3.3	7.5	24.7
442	Whitn College	Telford	434	0.76	2.5	4.6	14.0
County Average				0.92	2.6	5.7	17.1
Somerset							
353	St Andrew's School for Girls	Bristol	369	0.80	2.5	5.6	16.1
593	St John's College	Taunton	283	0.83	2.5	5.6	16.4
329	St John's School	Bristol	358	0.91	2.7	5.6	16.9



## FOOD AND DRINK

## Clarets

## What a very odd year that was

Edmund Penning-Rowell tastes the '84, and discovers qualities in an irregular vintage

The claret vintages of the 1980s were unusually successful, but for more than one reason 1984 turned out the least attractive.

The '80s were weak, the '87s inclined to be thin, but from both years there were agreeable, relatively inexpensive bottles for early drinking. '84 was not a bad vintage but it lacked balance and charm.

That year the spring was poor, the vine flowering irregular, with much coulure (non-setting of the flowers) and millerandage (the grapes not swelling). A moderate summer and a wet late September led to many wines being made up to the middle of October. Conditions were particularly unfavourable in St Emilion and Pomerol. Overall the crop was the smallest since 1977.

Nevertheless, it was by no means uninteresting to taste a decade later the '84 first growths, which in general make the most successful wines in any vintage, at the

annual dinner to taste the 10-year old wines.

Anytime, perhaps wisely, did not make an '84 grand vin bearing its label and the wines were tasted in the usual order: Haut-Brion, Margaux, Lafite, Mouton-Rothschild, Latour, Cheval-Blanc and Pétus.

There were seven of us present, including a guest, a distinguished Californian wine-maker. At the end, the customary vote on the order of preference was taken, and the unusual variety of views reflected the difficulty in assessing an irregular vintage.

As often, Haut-Brion provided a problem, for even after 10 years the red Graves seldom have the outgoing qualities on

nose and palate of the fuller Medocs. In the final voting one member of the party placed it second, while two others, including our American guest put it sixth. Here are my notes, made at the table:

■ Haut-Brion: Slight tinge of brown, tannic nose, rather dry flavour, fairly light, lacks depth - looked much older than Margaux, biscuit smell, full palate, flatly ready, held up well, long, pretty nose, dry tannins, holds up well, but not as pleasant drinking; some brown, some class, too soft; slightly watery look, typical Graves nose, rather tough and tannic; more generous than Margaux slightly bitter nose,

pleasant to return to; rather bitter.

■ Margaux: More colour, soft nose for a hard wine that tasted younger than the others, edgy but long taste, holds up well in glass, deep colour, youthful, needs aeration, may turn out something exciting, but now taut. Dry, tannic at end; pretty nose, not a big wine, but balanced, smelling well; much better wine. Real class, more colour, dry, young; a very good colour, lovely nose, a very enjoyable glass; dryer on palate than Haut-Brion, a nice but small wine, thin; softer more pleasant wine.

■ Lafite: Fair colour, some oak on closed nose, but developed



in refreshed glass, yet dry at end, gentle, mineral nose, after a time the acid began to predominate, has its moments but did not last very long; again not a big wine, but balanced and smelling well; deep, very

sweet nose, a full mouthful of fruit and tannin, slightly watery finish; very classy nose and flavour, but less later; more nose than Margaux, a bit mean, better in re-fill, a puzzle; rather thin compared with others.

■ Mouton-Rothschild: First really fine nose, concentrated, seductive, mulberry taste, but fairly light body - deep crimson, pure cassis fruit on nose, chunky and ungrateful, astringent finish, concentrated but not well balanced, not as fine as Latour but food; rich, dry and good; definitely a chaplain's taste, tannin coming through concentrated nose and softens in glass, but maintains character; rich,

fruity, enjoyable.

■ Latour: Big colour, rich nose, the biggest, most fruity of all, long finish - deep colour; not fruit, well-constructed, the most substantial of the lot, without being alcoholic; lovely nose, slightly chalky taste but rich enough to carry it; great colour, deep and thick, not much subtlety on nose, very full in the mouth, and sweet too; very odd nose, richness over-riding tannin, very long; smell of paper and some acidity, a bit peppery, lively; little nose, but pleasant to the palate, lively.

■ Cheval-Blanc: Little colour, lacks body and short - a bit sweet, dilute and short, very disappointing; soft

character, not pleasant to taste; very poor nose and body; light colour, lacks fruit; cloth and paper on nose, thin, edgy; sweet but not much character.

■ Pétus: Good colour, rich nose, fairly concentrated taste, light for Pétus but food balance and sweet, slightly sickly, metallic nose, alcoholic but a note of harshness at end; concentrated nose, but a certain made-up character. Sugar addition shows through, but pleasant drinking; clothiness, but surprisingly pleasant drinking. Unattractive initially and not much better when refreshed.

The table's order of preference, with the lowest figure top, was: 1. Latour (10), 2. Mouton-Rothschild (15), 3. Lafite (28), 4. Haut-Brion (30), 5. Margaux (33), 6. Pétus (34), 7. Cheval-Blanc (46).

My own votes were headed by Latour and Mouton-Rothschild. Ten-year-old wine may vary from bottle to bottle, and only one bottle of each was opened.

## Cookery

## A fistful of fresh memories

Parsley, sage, rosemary and basil; Philippa Davenport looks at the best ways to buy herbs

Herbs now play a greater part in our diet than ever before. Yet, can anyone name a fishmonger who still has the (once-common) courtesy of slipping a bunch of parsley and a lemon into your shopping basket along with your purchase?

In neighbourhoods with Greek, Italian, Indian or Iranian populations, there are greengrocers who sell - at modest prices - huge handfuls of the herbs essential to their

when crushproof packed. Coriander, in particular, has a nasty habit of beginning to blacken and rot within a day of purchase, especially if damp when packed.

To overcome this, some chain stores now offer fresh herbs loose in crush-proof packs or complete with their own gardens (in other words, rooted in punnets or pots, just like mustard and cress) for shoppers who do not plan to use them immediately.

Herbs that are growing stay fresh longer - and they will continue to grow. The proviso is that you take only a little snip here and there every now and then. Frail plantlets such as these are massacred easily. Cut them back hard in a sudden, greedy urge to make bowls of pesto and they are liable to curl up their toes and die.

Long gone are the days when sage, parsley and bay were all that the average English cook would contemplate using. Now, the more exotic the herb, the better it sells. Basil was not favourite until recently but rocket and coriander have overtaken it, their popularity about to reach kiwifruit proportions.

Lemon grass from Thailand seems easier to find than British lemon-scented sorrel. And I have yet to see lemon thyme (so much more aromatic than common thyme) or lemon-scented geranium leaves on sale. Other noticeable absences from the market-place are lovage, with its lemon, celery and curry notes; and fennel, the feathery fronds of which make it the most pleasing of aniseed-fragrant herbs.

My hopes were raised by a preview list from Doregal\*, a French company which is launching its herbs in the UK. Oregano, chervil, sorrel, lovage and lemon thyme were all mentioned.

Alas, it turned out that the first two varieties were available only to caterers while the others were not coming to Britain at all. At some branches of Waitrose, Sainsbury and Sainsbury, however, home cooks should find coriander,



Fresh in the meadow woodcut from Puch Der Natur, by Konrad von Megenberg, printed in Augsburg in 1475, taken from The Art of Botanical Illustration by Wilfrid Blunt

basil, flat-leaf parsley and half a dozen other Doregal herbs.

They are frozen, not fresh, but well done for all that: chopped roughly, filmed with oil and fast-frozen for a free-flowing end product. Retailing at about 89p for a 50g pack, they are priced competitively against fresh produce.

Nothing can match the zip of good fresh herbs straight from the garden and the fact that these frozen herbs are chopped does perform limits their uses. But they strike me as a far better back-up for fresh herbs than dried ones at times when the fresh variety is not to hand. But the shake-and-use packaging needs a rethink: it is too flimsy to open and close neatly on successive occasions without spilling some of the contents.

These herbs can be - indeed,

should be - used straight from the freezer as they defrost almost instantly on contact with food, whether hot or cold. Do not leave the packet hanging around in the kitchen while you cook - if defrosted and re-frozen, the contents will become mush. For the same reason, you need a cool bag and frozen sachets to protect frozen herbs when bringing them home from shopping.

## FRESH CORIANDER CHUTNEY

(serves four-six)

Here is a recipe that makes lavish use of this popular herb: a sharp, refreshing relish to serve in small dabs (like mustard with sausages) or to use as a dip for samosas. Although best when made freshly, this chutney will keep covered in the fridge for one or two days.

It comes from the new, revised edition of Madhur Jaffrey's *Illustrated Indian Cookery*, to be published by BBC Books at the end of September.

Ingredients: 3oz fresh green coriander (the top leafy parts only) coarsely chopped; ¼-1 fresh, hot green chilli, coarsely chopped; 1½ tablespoons lemon juice; ½ teaspoon salt; ½ teaspoon toasted and ground cumin seeds; freshly ground black pepper.

Method: Combine all the ingredients in the container of an electric blender. Blend, stopping the machine several times to push the ingredients down with a spatula, until you have a paste. Transfer to a small glass or other non-metallic bowl.

\* Doregal is imported by Frijol, tel: 44590 23737; fax: 44590 23757.

## Australian Wines

## Mixed emotions of youth and age

There seems to be a sort of split in the showing emotion in Australia. Certainly Australian winemakers are the most phlegmatic in the world, and Philip Shaw of Rosemount is a prime example.

Earlier this summer, in his usual, heavy-lidded monotone, he presented the first 11 vintages of his pride and joy, Roxburgh Chardonnay, in a suite as opulent as the wine itself at the Ritz Hotel in London. "Quite a nice wine," was about as close as he got to enthusiasm, even about the intense and unashamedly Hunter Roxburgh Chardonnay 1993 (usually about £15).

The wines took us on a textbook trip through the recent history of the world's favourite grape variety in Australia, with the younger vintages substantially outshining those made before 1987.

This was back in the Dark Chardonnay Ages when winemakers thought that lots of new oak and deliberate avoidance of oxidation during wine-making was the answer. All that happened was that the deep golden wine all too often turned brown and flat in bottle at about three years old.

From 1987 Shaw, arguably Australia's most influential arbiter of Chardonnay wine-making fashion, used ambient rather than commercial yeasts, cut down on the sulphur dioxide and acid additions, and began to decrease the proportion of new oak.

Although the quality of Australian Chardonnay has increased almost immeasurably since the late 1980s, relatively few of them (Petalluma and Leeuwin perhaps) have demonstrated the ability to age. Most are made, perhaps more sensibly, in the full knowledge that almost all Australian wine is drunk within a few hours of being bought.

The Cwra region in New South Wales has long provided some of the best fruit for this exuberantly fruity style of Chardonnay and The Rothbury Estate Cwra Chardonnay 1993, £5.95 at 100 Sainsbury stores, is a particularly fine example.

Grapes other than Chardonnay are a better bet for those with serious cellaring intentions. The best of the berry of Australian Rieslings available in Britain will age well, and Hunter Valley Semillon is a prime example of wine which actually needs years in bottle to show its best. Sainsbury's

has the probably underpriced McWilliam's Mount Pleasant Elizabeth Semillon 1988 for £6.25 in their top 50 stores; it is not nearly ready to drink.

By historical fluke (ships retreating at Madeira perhaps), Australia grows quite a bit of the long-lived, tangy white grape Verdelho, and producers are beginning to see its potential. Richmond Grove Verdelho 1993 is another exciting product of Cwra, from a Jacob's Creek affiliate, and costs about £6 from stockists which include Sainsbury's.

## Jancis Robinson is impressed by some vintages from Down Under

More handcrafted and subtle is David Traeger's Nagambie Verdelho 1993, £6.95, from the state of Victoria via the Australian Wine Centre of London WCI (071-625 0751). It has serious substance, no obvious added acid, slight nuttiness and a slight fizz. It would make a great aperitif.

Australian reds have in general shown much better ageing potential than whites. A few days before the decade of Roxburgh was displayed, Australia's wine giant Penfolds showed off, inasmuch as Australians allow themselves to show off, historical ranges of some of their most popular red wines back to the prehistory of the 1970s, and even a slightly decrepit bottle of Bin 60A 1982.

Every Grange back to 1976 was a turn-on in some respect; but it was the obvious ageability of their high volume lines such as Koonunga Hill and Bin 128 that was most impressive.

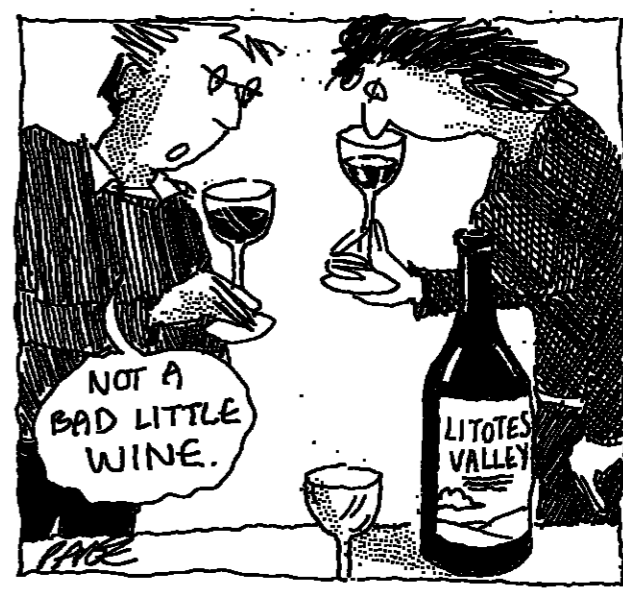
Koonunga Hill 1983 was an absolute delight at 12 years old - just the thing for the Bordeaux who cannot believe that subtlety is ever to be found Down Under. In fact although the wine contains more Shiraz grapes than Cabernet (especially so in 1982 when Cabernet was all the rage and Shiraz as yet uncelebrated resource), the wine had an unannounced Bordeaux-like balance and bouquet.

The 1982 was a museum bottle, but Koonunga Hill Shiraz-Cabernet 1992, widely distributed at £5-something, is very easy to drink now and should keep well.

In contrast, Penfolds Bin 128 Coonawarra Shiraz seemed a less successful candidate for the cellar. The 1991 is still quite hard work because of the acid that manages to dominate its big, fat fruit, while the 1986 was still chewy but a bit simple, and the 1980 was old rather than mature.

The Wine Society of Stevenage has an Australian red that is at a delightful stage of well-mannered, drinkable middle age: Houghton Gold Reserve Cabernet Sauvignon 1988 is £5.95 and comes from the cool southern tip of Western Australia.

Its maker would probably describe it as "not a bad drink". I would call it gorgeous.



## Dining in San Francisco

## Restaurant heaven by the Bay

Nicholas Lander travels to northern California and is excited by what he finds there

Nancy Cosgrove, a greeter and seater at Boulevard, one of San Francisco's newest restaurants, described her job succinctly: "It's as though I'd died and gone to restaurant heaven." I could just as easily have used the same phrase to describe my fortnight's stay in the Bay Area.

Even for those who simply enjoy eating out, but do not share my fascination with the restaurant industry, what is happening today in and around San Francisco is exciting - perhaps more so than in any other large city.

It is not just the quality of the raw ingredients - the wonderful salads, fruit and vegetables, an increasingly high proportion of which are organically grown; the vast array of breads; the excellent meat, poultry and fish - but also the cooking techniques, which are innovative and varied. They include wood-burning ovens, grilling over mesquite, spit roasting,

and the latest craze among American chefs using stacked napoleons to present food in layered mini-towers.

Spectacular locations for restaurants in and around the city, with views over the bay and across the Golden Gate bridge to Marin County, are an obvious attraction, while some spectacular modern design helps, too. It all adds up to a package to convince even the most hardened sceptic.

Indeed, after dinner at Elka's, in San Francisco's Japanese district, Jean François - who travels the world's wine regions selling the finest oak barrels - admitted that the city's food was now better, in terms of interest and value,

than that of his native Burgundy. There are, however, two economic factors which further benefit today's diner in northern California and may set standards for restaurants elsewhere.

The first is the extraordinary growth in what Americans refer to as the hospitality industry. The US Bureau of Labour Statistics considers food service to be one of the fastest growing segments of the economy - it estimates that jobs in this sector will increase 30 per cent overall, and job positions by 42 per cent, by 2005.

According to the California Restaurant Association, businesses which serve food are

the state's second largest tax source and in 1992 the industry generated \$24bn (£15.4bn) in sales and employed 780,000 workers. The number of American cooking schools to train future chefs has increased from a handful in the mid-1970s to more than 500 today. The most ambitious yet is due to open in 1995 in the former Christian Brothers winery in the Napa Valley.

I had been told on a previous visit that San Francisco had so many restaurants that if all its inhabitants were to go out to eat on the same night there would be enough restaurant chairs to accommodate them.

Since then, San Francisco

has lured chefs from Los Angeles where the economy is less robust, enticed plutocrat Gordon Getty, the oil tycoon and son of Paul Getty, to open Plum Jack's, initially a wine shop, now with a restaurant attached - one restaurant, local wis observe, that may not have to struggle quite as hard as its competitors to make a profit. All this has given a second career opportunity to many chefs and restaurateurs whose initial career ended in the recession.

As a result prices remain reasonable, menus and wine lists sparkle and customers are solicitously looked after - if not they walk. The established restaurateur's dilemma

was poignantly voiced by Joyce Goldstein, whose restaurant, Square One, has been winning plaudits for more than a decade. "Every time a new restaurant opens we see our regular customers slightly less often."

A striking example of the American "can-do" philosophy is the recent opening of the Rutherford Grill, Napa Valley which has achieved a daily turnover of more than \$10,000 after just two months of trading.

This, comfortable, wood framed, roomy diner, which seats 120, is owned by Houston Restaurants, based in Phoenix, Arizona and is the company's 27th restaurant. Building began last January

and doors opened on June 8. Corporate policy with any new restaurant is to fly in their best staff from across America - manager, barman or short order cook - for the first three weeks to train their local staff.

The management realised that not only is the local competition intense from such nearby restaurants as Tra Vigne, Stars Café, Mustard's Grill and Don Giovanni's but that a sense of belonging to, and working with, the local community is crucial for any new business's survival.

So for the first two days, for two hours at lunch and dinner, the Rutherford Grill serves food free. Instead, every diner was asked to make a volun-

tary \$5 donation to two local charities and raised several thousand dollars.

Business is booming. The queue of diners waiting for a table - the restaurant operates a "no booking" policy to promote what it calls "the spontaneous dining decision" - bears testimony to its reasonable prices, efficient service and well prepared food; the spit-roasted chicken is particularly good. The Rutherford Grill will hold its customers until a new restaurant manages to make them a gastronomic offer they cannot refuse.

Restaurant heaven has no place for smokers. Most California restaurants operate a no-smoking policy throughout to protect their staff from the dangers of passive smoking. On August 1, Oakland passed an ordinance banning smoking in all its restaurants. Naturally, this is being opposed by tobacco company Philip Morris, but Californians will be able to vote on the measure during the elections in November.

ARTS

# In search of the spirit of German romance

If the importance of an exhibition is to be judged by the weight of its catalogue, then *The Romantic Spirit in German Art* is a very important exhibition indeed. And so, up to a point, it proves. Nothing can gainsay either the quality and interest of the work on show, or the scholarship that informs the exercise. The idea behind it is obvious enough, and in the celebration of particular artists, from Caspar David Friedrich to Joseph Beuys, there are groups of work as fine as one could wish. Why then, in the end, a sense of disappointment, of an opportunity missed? The

**William Packer bemoans an opportunity missed**

answer lies with the orthodoxy of the scholarship and the banality of the curatorship. No one who knows anything of German art could fail to be intrigued by the central premise of the show. What is this dark and tormented sensibility, that yearns for perfection even as it chases false gods and hopes, that sees only Death and Despair stalking the forest of its imagination, that finds Love only to lose it? What is this Romantic Spirit by which we would say of Friedrich and Kiefer alike, as of Goethe and Wagner, that they are, well, so very German?

In short, the show cries out for a radical comparative look at the work in defiance of chronology. With Beuys, for example, whose fine group of drawings touches the very quick of its originality, how good it would have been to see him alongside Paul Klee, Marc and Wols, and earlier, Rethel and von Rayski in the 1840s, Olivier in the 1820s, and the young

Friedrich in the 1800s, all of whom are well shown. But no. Time after time we are brought up short by particular and remarkable images. As striking as any is a self-portrait by Victor Janssen of 1823, who looks out at us across his bare shoulder, his shirt folded down to the waist. It prefigures the paintings of the *Neue Sachlichkeit*, the New Reality, by a clear century. And where is the portrait by Christian Schad from the 1920s to set against it, or by Dick Ket, or George Grosz, or Otto Dix? Nowhere. Dix, in this aspect, is represented by only a minor piece, while Schad, Ket and Grosz are not even in the show.

Such omissions are serious enough - that of Grosz is inexplicable - but none is more serious than that of Max Beckmann, one of the truly great painters this century. To leave him out and yet to include Georg Baselitz, a lesser artist whose early work, quite reasonably, is shown in depth, is to make a nonsense of any possible rationale. Indeed the contemporary ghetto at the Fruitmarket end of the exercise, where Beuys, Baselitz, Kiefer and Richter sit with trivia from Sigmar Polke and Blinky Palermo, shows curatorship at its most orthodox and flatulent - these six are shown on a scale out of all proportion to their importance in the given context of the show.

But I protest too much. The show comes to the Hayward in London next month, and we shall see what differences a rehanging makes. As it is, section by section, from Romanticism as such through Symbolism to Modernism and the present day, each discrete display has its interest and qualities. The group of paintings and drawings by Friedrich in particular is as strong as any we have lately seen, and offers a more intimate and lively view of one who may often seem remote and unsympathetic.



'The Wreath Maker', 1815, by G.F. Kersting at the Royal Scottish Academy, Edinburgh

The show says a bit in the mid-19th century - it could have done with painters such as Calame and von Menzel who figure in the National Gallery's current show of Romanticism. Always more comparisons propose themselves. Bocklin's maiden rides her donkey-unicorn through the forest. Hans von Marées has a naked horse-

man pluck oranges from the tree while a girl, no less naked, morosely looks the other way. How dark and soulful it all is, how very northern and Teutonic. And we think back to *Monet to Matisse* next door at the Scottish National Gallery, and to Roussel's lovers beneath the summer trees, and Pic-

asso's nakedly indolent bachelors - how very French, that all was, how very southern. The Romantic Spirit in German Art 1790-1990: The Royal Scottish Academy and The Fruitmarket Gallery, Edinburgh, until September 7, then to the Hayward Gallery, London; sponsored by Beck's.

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## Music in Edinburgh The Borodin Quartet takes up Beethoven theme

Just in case the moral seriousness of Beethoven looks as though it might make a heavy theme for a festival, Edinburgh has thrown in Chabrier as well. Whoever brought these two composers together certainly has a sense of humour, but at least the two together are providing variety.

That a composer as well-known as Beethoven should have been chosen at all as a festival theme has been criticised in some quarters, which is hardly fair. Leaving aside the need to attract an audience, a big international festival like Edinburgh will always have to focus on composers who left great music across as wide a range of disciplines as possible, preferably including opera as well as orchestral and solo music. Beethoven fits the bill - just.

His weak area was opera, but the festival director, Brian McMaster, neatly side-stepped that problem by offering a "Fidelio day" that widened our view of Beethoven's experience in opera to take in the years of struggle and re-writing during which *Fidelio* was born.

The rest of Edinburgh's Beethoven is less adventurous. Assorted pianists are offering piano sonatas and all nine of the symphonies are being performed by sundry orchestras, both period and modern. No attempt to be dogmatic about performance style there.

For the string quartets, the Borodin String Quartet has monopolised the field. The Borodin is of course, a modern-instrument quartet. (Although period orchestras are making notable headway with Beethoven, period chamber groups have had less success; perhaps four period strings just sound too thin and scratchy in our present-day recital halls.)

There need never be any complaint about tonal blend when the Borodin is playing. Over nearly 50 years, and despite changing its personnel on the way, this quartet has maintained an admirably civilised tone quality, second to none for subtlety. Its Beethoven mornings in the Queen's Hall this year were far removed from the Lindsay's strenuous, abrasive combat or the Emerson's hard-edged intelligence, but perhaps that was half the problem.

Of their five programmes, I attended two. The early quartets - Op.18, Nos 4 and 5 - were playful in the gallant manner, elegant court games, not Beethovenian rough-and-tumble. The *sporzandos* needed a tougher attack. In the A Major's slow movement one of the variations was nevertheless marvellously rapt.

Of the two mature quartets, the concise Op.55 held together better than Op.130, which passed through some finely cultivated passages without suggesting it had any decisive goal in mind.

Trenchant Beethoven playing only firmly took the stage with the *Grosse Fuge*, a challenge to which all four players roused themselves with fire in the belly. That performance drew enough applause to warrant an encore. The Borodin Quartet is among Edinburgh's favourites: hopefully it will be back next year, whatever the theme.

Richard Fairman

The Queen's Hall recitals were sponsored by the Bank of Scotland; and Fidelio by the Royal Bank of Scotland

At the Edinburgh Festival our critics spend an insufferably long time at an ice rink and find comedy a few steps from the office

# A tragic Oresteia and fantasy on the Fringe

How come the director Peter Stein can be presenting a version of Aeschylus's trilogy *The Oresteia* that is almost without any saving merit? His revived stagings of *Falstaff* and *Pelléas et Mélisande* (Welsh National Opera) have been among the highlights of the last 12 months in Britain. His account of Shakespeare's *Julius Caesar* last year was flawed, but had some first-rate solo acting, some colossal crowd effects, and a lucid and serious reading of the text. *The Oresteia*, however, is badly acted and sloppily paced throughout. And in the last play, *The Eumenides* - where Aeschylus turns the colossal family tragedy into a political drama - Stein resorts to ludicrously camp and frivolous effects.

The Stein *Oresteia* began life in Germany over ten years ago, and I would guess that it was then freshly conceived and potently acted. Yet could anyone even then have been impressed by his use of the chorus? (Presumably yes, since I have seen subsequent Euro-stagings of Greek tragedies whose choruses - I now realise - were cast in this mould.) In *Agamemnon*, the trilogy's opening play, the chorus of Mycenaean elders is played like a collection of shuffling old gents, in brimmed hats, heavy coats and walking sticks who are based around a long office table whose desk lamps they switch on and off from time to time. (Halfway through they move office.) Aeschylus's choral odes, whose rhythmic force is all-important, are turned into conversational mutterings without pulse or metre.

In *The Libation Bearers*, the female chorus - 11 modern women dressed in black suits and high heels - has fitful bouts of tepid lyricism; but in the final play, the chorus of female Eumenides (furies) is a shrilly expressionist coven of white-haired black-faced crones who shriek and shout their lines. (The surtitles remind us that some of their words mean "Moderation and discretion are always the best policy".) Hrumph.)

But most modern stagings of Greek tragedies blunder in their use of the chorus. Stein, however, sinks further. Athena is played (rather well, actually, by Elena Majorova) as a slinky long-haired glamourpuss. She presides over the big trial scene

like a game-show compère, pacing briskly around the Furies as if filling in time before one of them came up with this week's prize-winning answer. Apollo, in a double-breasted white suit but without a shirt, is a comedy ponce. He descends from the ceiling (sitting on a lift), strums his lyre stupidly at irrelevant points, speaks his lines with blatantly jokey insincerity, and then rushes fey across the stage: all to widespread audience laughter. I confess to a certain malicious glee in reporting that, when he ascended to heaven, he bumped his head on the ceiling.

In *Agamemnon* alone, Clytemnestra wears four different outfits. Can you believe that she addresses her husband, the high king of Greece, feigning joy at his return, with her hands in her pockets? I have survived to tell the tale. I am

**Most modern stagings of Greek tragedies blunder in their use of chorus; Stein, however, sinks even further**

not, however, man enough to tell you just how badly Ekaterina Vassiliev acts her: mainly through clenched and bared teeth and with much chestily melodramatic vocalisation. Her daughter Electra, though played in a higher vocal key by Tatiana Doguleva, takes after her; she screams and weeps with great relish.

Then there is the clunky pacing of each play. I realise now why I have always preferred Stein's stagings of operas to his stagings of plays - because he cannot set the tempo for Verdi or Debussy. In *The Oresteia*, you long for more surtitles, just because you want something more to read (anything - it need not be by Aeschylus). In *Agamemnon*, the gear-changes introducing or following each choral ode are so slow that the whole play stalls. Since the whole trilogy lasts (with two intervals) seven hours and a half, this slowness becomes insufferable.

Let's sound vindictive, I will add

that Evgueni Mironov's performance as Orestes has an integrity, a variety of tone, and a mixture of restraint and intensity that stands out amid the other performances. And, of course, there is some stimulus to be had from renewing acquaintance with Aeschylus's monumental trilogy, even in these circumstances. To my ear, the Russian text used here has nothing of Aeschylus's rich gravitas, but the power of his overall dramatic architecture can hardly be missed. One thinks of *The Oresteia* as one single work of art, like the Parthenon, but actually it keeps changing as it proceeds. Eventually Orestes and his family pass out of view, and the drama addresses the issue of justice and law, and leaves us looking not backwards any more but forward into a new democratic world. Beside this awesome construction, most subsequent drama feels as flimsy as balsa-wood.

Alastair Macaulay

The Assembly Rooms, Edinburgh's Georgian honeycomb of social spaces, retiring rooms, *chambres séparées* and refreshment pit-stops, comes into its own at festival time, writes Martin Hoyle. Over the past few years comedy has become particularly associated with the George Street venue, by happy chance a few paces from the Scottish FT office. This year's discovery is not a complete surprise, since those in the know will recognise names associated with last year's runaway hit both in Edinburgh and London, *Anorak of Fire*.

Such is the harrowing nature of much of the fringe, those who do not immediately twig may take the opening of *Geel!* Wow! seriously, with its young man in a woman's petticoat reclining on a chaise-longue and reminiscing about the squalid background (one of 12 children of a hooker, regularly abused) that led to eminence among Andy Warhol's superstars. Only when Clive Neon casts off female garb and resumes a Black Country twang does the penny drop: this Ruggely radish-packer has channelled his lifelong "rebellious attitude and preoccupation with the colour cerise" into fantasy. Just how far the fantasy extends



A scene from Peter Stein's production of 'The Oresteia', staged in an ice rink

we are unsure. Did he really take Warhol's place on a lecture tour in blond wig and shades ("Oy know what it takes to be Andy"), uttering the famous bland fatuities? And, reluctant to relinquish his allotted 15 minutes of fame, did he really impose himself on the New York art scene sharing a flat with a performance artist who doubled as a hatstand at fashionable parties? And finally achieve fame with a free-form rock opera with penguins and celery?

Or did he remain the Midlands'

most unloving son, dreaming of escape from the boredom of Birmingham (which sensitive city I advise this show never to visit)? Either way, James Holmes is very funny, especially in the Brum scenes, when reliving his youth first as a mod ("we looked like this": blank vacuity) then as a rocker ("we looked like this": blank vacuity, the head further forward). Sarah Frankcom directs *Blue Helmet* might make more of an impact if those of the cast

The warring factions - two

unused to projecting without mikes could get their lines over. Chief offenders are Mark Arden's semi-intelligible blurt as a thick British private and Maria McErlane's semi-audible mumble as a doctor from Médecins Sans Frontières. As the well-meaning but ludicrously inept UN commander in a murderous eastern European three-way civil war, Robert Llewellyn plays with cheerful clarity and style; but then he wrote

The warring factions - two

European, one Hindu include one military leader who longs to meet Kate Adie. That is one of the funnier jokes. The humour is heavy-handed, certainly not funny enough to redeem tramping on sensitive areas. And when reference is made more than once to a character's breasts, it seems lazy to present us with a flat chest. Or perhaps that's a joke as well.

The *Oresteia* is at the Murrayfield Ice Rink tonight and tomorrow

هكذا ان الاجل

expectation of sexual revelations. Her *sex of lying* does not disappoint, containing extraordinarily frank accounts of Jong's low affairs and four marriages. In fact Jong has much more to say about sex than age, her seemingly inexhaustible energy producing a tone that is as sensuous and gay as never defeated.

There is a real danger, which Jong recognises, that the book's other themes – rivalry between mothers and daughters, how to become a writer, the importance of the relationship between secular Jews and the past – will be ignored. "Here in the States, the interviews have been so silly," she protests. "Because I've revealed aspects of my personal life they want to ask about that. They don't get the ideas at all."

Her first draft had an extra 100 pages, statistics from UN reports to shore up her arguments about continuing discrimination against women. Her editor suggested cutting them in favour of the personal details which American reviewers have found so seductive. Jong gives the impression of continually being caught by such dilemmas, wanting to be taken seriously but finding herself steered towards the populist writing she does so well. *Fear of Fifty* bounds along with jokey chapter headings like "How I got to be the second sex".

*Rivalry is a constant theme in the book: with her mother (a thwarted artist who gave up her career for marriage to a jazz musician and motherhood), with husbands, lovers, and the literary establishment. "What so angered people was a woman speaking frankly about her feelings", she says of her critics. "If a woman claims this territory man get so angry. Sometimes I think they're angry because we've taken away one of their devices. They created a female character to express the female side of their own natures. And now we're taking away Anna Karenina. They can no longer blithely plunder our psyches for their subject-matter"*

In spite of her fame and success, Jong still presents herself as something of an outsider. She has a strong sense of mischief without always being able to predict how her audience will react. She seems genuinely puzzled by the inability of reviewers and profile writers to see her as she sees herself: a revolutionary in salmon-pink silk.

■ *Fear of Fifty* is published by Chatto & Windus (£16, 390 pages).

Doillon's teen-angst updating of Goethe, *Le Jeune Werther* (Tartan); and Joseph Losey's best late film *M. Klein* (Arrow), with Alain Delon as a wartime Parisian Jew treading the path of the Holocaust.

In addition the most popular French film ever made — at least at the French box office — comes to video with *Les Visiteurs* (Arrow): a sort of time-hopping Gallic Monty Python, in which a Medieval knight and squire crash-land in modern Languedoc.

another French domestic success now on video - Yves Robert's Pagnol-based two-parter about youth and memory *La Gloire De Mon Père* and *Le Château De Ma Mère* (Artificial Eye) - gained respect rather than ecstasy in cinemas outside France.

Many people think French cinema has now died and they will assume, cynically, that this *embarras* of re-releases is a form of posthumous honouring. The video-viewing ritual, after all, has long seemed uncomfortably close to cremation: the sliding of the black box containing the "remains" into the jaws of that immortalisation machine, flickering

with light, that we call a VCR. But perhaps we should look on the August French film frenzy as an ambassadorial gesture: a symbol or earnest of the "light at the end of the Euro-tunnel". Video is an unrivalled way to re-assess undersung movies and some modern French films - especially the quiet ones - do seem better, quiet better, on the small screen.

allows the narrative to grow at its own pace, with no fidgety sense that having paid movie-theatre money we should be bombarded with movie-sized drama and special effects.

I have also been making use of the "Compton's Interactive Encyclopaedia." You can punch up any entry you want, from "Aachen" to "Zworykin, Vladimir" (father of television); you can roam and zoom

all over a map of the world; you can watch educational videos; and you can take a "time machine" trip, stopping for information at any historical station along the way.

Nor are the texts unduly skimpy. I looked up Existentialism on the "Topic Tree" and was soon floundering knee-deep through Kierkegaard, Sartre and Heidegger. My friends urged a swift return to *Top Gun*, whereupon I insisted on an overdue adjournment to dinner.

## Video/Nigel Andrews

### *Richard Fairman reviews the Berlin Philharmonic*

**J**ust as the Berlin Philharmonic was arriving in London, a torpedo was fired across its bows. The attack came from an unexpected source and had nothing to do with national pique that a German orchestra had been invited to take pride of place in the Proms' 100th season.

In fact, this is not the first time that criticism has been leveled at Claudio Abbado since he became the orchestra's music director. At the end of last year *Der Spiegel* published a controversial article, accusing him of allowing standards at Berlin's cultural flagship to sink. Now an interview with a rival German conductor in *The Times* has repeated the accusations that Abbado's rehearsal technique and his relationship with musicians leave something to be desired.

On top of that, he added, "the players know that Abbado will conduct from memory, but that his memory is not as reliable as Maazel's". Ouch!

There are still people in Berlin who mourn the passing of Herbert von Karajan and cannot see in his successor the same all-powerful musical dictator that they worshipped before. Unfortunately, we never heard Karajan conduct Mahler's Ninth Symphony in London, but a live recording has preserved it for us. Karajan came late in life to Mahler's music and his hyperbolic, almost hysterical devotion to his character, but he found subtle colours in the orchestral writing that no other conductor has the finesse to equal – for example, violins and solo low flute forming a delicate shade of misty, tear-laden cry.

It was a bold statement on Abbado's part to schedule this symphony as the first of his two concerts at the Proms. One of the herbs fired his way most often is that the Berlin Philharmonic has lost its unique sound since he took over. Certainly it is no longer Karajan's orchestra. After years of being blended into a homogeneous whole, either rich or simply congealed depending on one's taste, the Berlin sound is

undergoing a process of separation. In this Mahler, the orchestra was audibly made up of distinct sections - well-knit strings, assertive wind and cultured brass (despite a few low growls from the trombones).

Although his experience of conducting Mahler is both longer and broader than Karajan's, I would hesitate to say that Abbado is any more of a Mahler specialist. In the long opening movement of the Ninth Symphony (by far the symphony's most challenging for the performers) the insights did not come thick and fast. The keenest grasp of Mahler's very personal idiom seemed to belong to some of the solo musicians, as when the flute and nimble, trilling horn joined for their strange little meandering duet.

This was all at the opposite pole from a subjective conductor like Bernstein. Christoph von Dohányi (for it was he who poured out his acid observations to The Times) had harsh words to say about Bernstein as well, declaring that his Mahler was "totally wrong." This is unfair: Bernstein's performance of the Ninth Symphony may have been exaggerated, but it probed important parts of the composer's psyche, such as his instability and his

**Jewishness.** Abbado does not have a hotline to emotions like these. His Prom performance was streamlined. Where the music seems to demand abrupt changes of mood or detours to investigate passing feelings, he kept his eyes fixed straight ahead. Each movement worked towards a single climax, the first its mighty collapse into seminal

urgency, collapse into seminal thematic germs, the third its headlong rush to the closing bars. Perhaps there is such a thing as Italian Mahler, which counts urgency, clarity of structure and flowing warmth of lyricism as its main concerns - as Toscanini probably would have done, if he had conducted any.

If each of the first three

movements left something unsaid, that is because Abbado also sees the symphony itself

as a whole. The finale, marvelously played by the strings, built to one overwhelming affirmation of the main theme. Then, having made its ascent, it reached a plateau of intense slowness and quiet for the last ten minutes: a place of endless vistas and cloudless skies, of absolute peace and stillness. At some points the music came close to inaudibility. After the last note faded away, there was a silence that nobody wanted to break, even by breathing.

The orchestra was due to follow with a second concert featuring Russian showpieces on Friday, but that could hardly have seemed more out of mind at the time. If anybody in Berlin is still thinking of trying to elbow Abbado out of his post after a performance like this finale, he too would be wise to hold his breath.

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## BOOKS

## Doomed guru of the divided self

Christian Tyler on the spectacular failure of the charismatic analyst who tried to redefine madness

It takes courage to dig out the case notes if the subject is your own father - real courage if his name is R.D. Laing. Perhaps Adrian Laing found the experience cathartic. For what emerges from his biography is pure Greek tragedy.

R.D. Laing was a gifted, musical, only child from lower-middle-class Glasgow who hated his mother and broke with his father, who revolted against the prevailing medieval treatment of the insane, carved fame for himself and found it as a cult figure of the 1960s, and who was driven by an epistem of heroic proportions into a self-destructive vortex of drink, drugs, violence and despair.

Laing's own analyst characterised him as "a special case" who had "an extremely

effective schizoid defence mechanism against exhibiting signs of depression". Ironically, because Ronald Laing's most influential work, *The Divided Self*, was a study of schizophrenia, a condition he refused to call a disease but associated instead with family tensions. To label someone a schizophrenic was, he once said, "a political act". Indeed, he regarded all madness as mere behaviour, a healing process for some existential impasse.

For all his radicalism R.D. Laing was not, says his son, an

anti-psychiatrist. He had an extraordinary skill and sympathy with patients but an extraordinary contempt for authority, too.

The peak of his career was in the mid-1960s when the fashionable intelligentsia gathered at Kingsley Hall, his experimental hostel in the East End of London.

There, in an haze of recrimination and LSD, things began to fall apart. Though he remained as energetic and prolific as ever, Laing's love-life was a mess (he fathered 10

R.D. LAING: A BIOGRAPHY  
by Adrian Laing  
Peter Owen £25, 248 pages

children by wives and lovers), his books began to fail and his American lecture audiences to yawn.

A meditative sojourn in Sri Lanka and India restored him temporarily as a guru for the pot-smoking generation. But the tide of fashion was turning. Laing

tried to stay with it by jumping onto American bandwagons like "re-birthing" and the natural childbirth movement.

But he was a follower now, not a leader. One daughter suffered a breakdown, another died of leukaemia at the age of 21. The old brilliance became more fitful and the charisma wore thin, exposing a violent, hard-drinking, bad-mouthing, bitter Glaswegian.

The final indignity came in 1987 when Laing was struck off by the General Medical Council, accused

of being unfit to practise due to alcoholism. Although he gave up drink and retired to Austria it was too late for the comeback he planned. He died two years later at the age of 62.

Little wonder that the author says his relationship with his father has greatly improved since the latter's death. Admiration, disgust and love are all evident in this portrayal, though one is left wondering whether the picture is too black - or not black enough. Adrian Laing has not passed

judgment on his extraordinary (sant to father's life. Nor, as a lawyer, nd body; has he attempted to assess R.D. Laing's place in the short history of edgy, psychiatric medicine.

What seems obvious even to the layman is that Ronald Laing was not really interested in providing solid scientific justification for his theories. humane and liberating though they may have been.

Modern neuroscientific research seems to be mainly propelled by the hunt for "schizophrenia genes". In other words, madness is seen as a chemical aberration not a social construct.

If R.D. Laing was a failure, he was a spectacular one. But if he was a failure it seems to have been not so much because he was wrong about madness. He was just too obsessed by himself.

## Politics and polemic with a limited shelf-life

These warmed-over essays should never have found their way between hard covers, says Alan Clark

Publishing is said to be a rather dodgy business, with a lot of it or miss. Something like 50 "misses", books that do not even earn their advance, to each big hit.

Certainly if you go into any bookshop, the shelves are filled with stuff the demand for which it seems almost impossible to identify. Publishing must be one of the few commercial activities remaining where no real market research is ever conducted. The cover appears to be scattered at random in the hope that one or two may end up as "demand led" bestsellers.

Of course with HarperCollins this does not matter much. Its access to the subterranean tunnels of the Murdoch accounting system has allowed it to pay, by some accounts, more in (unearned) advances to Lady Thatcher and Jeffrey Archer than the total paid to all other authors, by all other publishers, in the whole of 1994.

And so, I suppose instead of charging £20 for this collection of warmed-over essays the book could have been distributed free. Even if it had been, though, I doubt whether it could have overtaken Sir Norman Fowler's epic, *Ministers Decide* - so far the loss-leader in the lurky stakes.

The blurb, curiously complacent even by the particular standards allowed to this genre, warns the reader to look forward - *inter alia* - to a "hitherto unpublished account of the Portuguese Revolution of 1970".

Gosh! ... the carnival months that followed the collapse of the old dictatorship.

Or should it be Aaaa? Aaaa, the seventies! The happy days of batty activists, beer-and-

sandwiches at Number 10 and "meaningful" little dinners among academics and "opinion-formers" on the Left - before the wicked white witch appeared on the scene and sent them all packing.

One of Mr Pimlott's problems - not his main problem, but one of them - is that he is simply out of date. There are a good number of gifted political essayists around. Matthew Parris and Frank Johnson still read well even years later.

But it is absolutely no good blinding between hard covers paragraphs with phrases like "How happy Kinnock must feel," or (a good way off) "Kinnock should not believe that by stamping on Militant

FRUSTRATE THEIR KNAVISH TRICKS  
by Ben Pimlott  
HarperCollins £20, 417 pages

he has destroyed the Degas phenomenon, or "the Macmillan era was one of tinsel (sic) prosperity... he... was an inept, elderly music-hall turn way past his best..." or (of Winston Churchill) "To the public the wartime hero now looked like a domestic dinosaur."

This man is meant to be a professor. But however exalted his position, surely clichés such as these ought to have been edited out before the original newspapers - never mind the book - went to press.

The high foothills of journalism, before one reaches the mountain range where serious scholars (though not, apparently, professors) dwell, are peopled by many writers of great talent.

In this company - I select names at random - Andrew Marr is better informed, Lesley

White more perceptive, Robert Harris (alas presently in suspension) more pleasing in vituperation, Barbara Amiel more persuasive in argument.

The unfortunate Mr Pimlott is tripe, derivative and, where his predictions ("I have a hunch that..." he often says) are capable of subsequent verification, wrong.

He has no idea, really, what makes the Tory Party tick. "Major's position (writing in July 1993) is worse than that of Chamberlain in 1940."

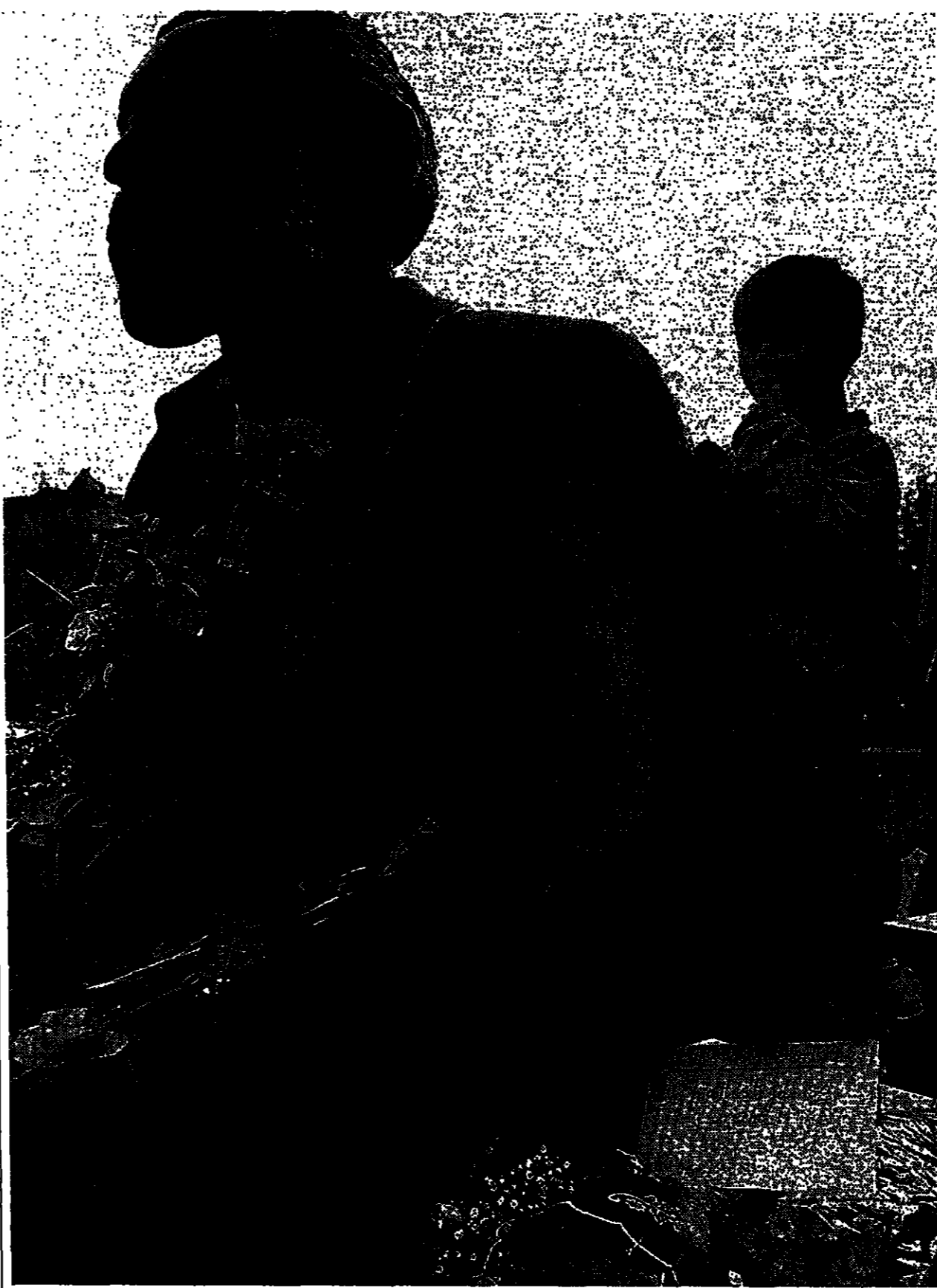
Nor much idea, it would seem, of what is happening to Labour: "...by widening the gap between itself and the Alliance Labour has removed the question-mark over its status as the main Opposition party, and much may flow from that."

He is irritatingly slack in his use of words. Regime can apply to diet, dictatorship, or fitness schedules. Only Dave Spart or lazy journalists use it to describe democratically elected administrations.

In a short piece on Christopher Hitchens (containing the only joke - a personal one about the appearance of the author - that I could find in the book) Pimlott says that "the test (of collection of essays written since the mid 1980's) is for the reader to be able to open it anywhere and be drawn into the argument."

Actually, now I come to look at it, I realise that even this undemanding sentence is barely literate. But anyway, no thanks.

Twenty pounds may not be much for people who can send out at supper time for an "amusing quiche" but my advice would be to spend it instead on seven gallons of (leaded) petrol and go for a drive.



Berlin 1991: a statue of Marx decked with flowers and a note - "You were so right". From the Oxford Illustrated History of Western Philosophy (22)

## Dance story for adults

For the performer, dance is the most punishing of all the arts: years of rigorous physical and mental training for, at best, a short-lived, over-worked career, or, more likely, failure. But perhaps because of the mix of asceticism, pure aesthetics and absolutist devotion it demands, dancers have always been highly romantic figures. Moya Shearer in *The Red Shoes*, Noel Streetfield's *Ballet Shoes*, quicken the pulses of generations of school-girls. Now, in *Prologue*, here is a dance story for adults as evocative and thrilling.

Joan Brady is a harrowingly honest writer who won last year's Whitbread prize for her novel about dysfunctional American family life, *Theory of War*. Her first career, however, was as a dancer: she trained at the San Francisco Ballet School and under Balanchine in the heyday of the New York City Ballet in the 1950s.

At 19, she was poised to enter Balanchine's company, and given four days to rehearse his ballet *Stars and Stripes*. For 72 hours, she searched vainly for a record of the piece, and trembled over the jetsé élancés and Balanchine's famous perfectionism. On day four, she found the

AN UNCONVENTIONAL LIFE

by Joan Brady  
Andre Deutsch £14.99, 213 pages

record and was about to begin hours of practice when the door burst open and her mother screamed "you're nothing but a snivelling little tart... you don't even know that silly little part. You'll never know it. You haven't the wit to learn it... You look like death on stage. Who wants to watch death? One performance, and that'll be the end of you. You'll never dance. Not ever." She flunked the performance and a week later walked out of ballet school. She married, had a child, and left America.

Did she make a comeback? Could she reinvent and get back into shape? Who were the generous dancers who helped her and the jealous ones who hindered her? This superb memoir recaptures the brittle, vengeful milieu of family life which Brady distilled in *Theory of War* and interlaces it with the powerfully-tense and competitive world of ballet school. Piles and trappés, leotards and tights, the nervous titters and the too-bright looks, teachers like Balanchine and the great ballerina Alexandra Danilova (dressed in old age "like a Woolworths Christmas tree ornament"); all are scrutinised under Brady's quick, passionate, amused eye.

Threading through the book is her relationship with the writer Dexter Masters, with whom she fell in love in 1942 when she was three years old. When he visited her family home, she used to sneak a look at him sleeping in the guest room and vowed that she would marry him. Just before they began an affair in the late 1950s, it had emerged that he had been her mother's lover for years, and that she had destined him to be "the husband of my old age". In a deadly serious version of *The Graduate*, another and daughter fought out a battle which ran in parallel to the elations and exhaustions of ballet training.

This is one of the most fluent and colourful autobiographies of recent years: a contribution to both dance literature and the literature of adolescence. It contains not a shred of self pity, and confirms Joan Brady as a striking and unconventional voice.

Jackie Wulschlager

## Guilt and attribution

A.C. Grayling challenges Kate Millet's interpretation of torture

According to Amnesty International, torture is practised by more than half the world's governments. The United Nations definition of torture is any act by which mental or physical suffering is intentionally inflicted by public officials, or their agents, for the purpose of securing confession or information, or for punishing or intimidating the recipient.

By the end of the 19th century torture as a judicial instrument against crime had ceased almost everywhere - it was banned in Russia in 1801, in Japan in 1847, in Britain during the 18th century. But even as it vanished as an acknowledged resource, openly applied as a result of due legal process, it reappeared elsewhere as an unacknowledged and hidden weapon of the state against "political crimes" of dissent and opposition. If it was a "shame and reproach on mankind," as the Tsar's ukase described it in September 1801, it has since become even more so in the hands of secret policemen everywhere.

Kate Millet made her name with her best-selling *Sexual Politics* and has been a vigorous protester ever since. Here she turns her attention to torture and its widespread occurrence in the recent and contemporary world. She ranges widely, across the

Soviet Gulag, Northern Ireland, South American dictatorships, Africa and Asia. And the range is not merely geographical: one chapter addresses the Holocaust, the next reports the case of an Algerian journalist in the hands of French soldiers, much suffering and cruelty is recorded, prompting much sorrow and anger in response. We read in newspapers of the "disappeared" in South America, of torture, rape, and murder in Guatemala, Argentina, Brazil. Distance makes it easy to shake one's head and pass on to the next item. Then we read of "ethnic cleansing" and rape in Bosnia. We stir uneasily: this ugliness is in Europe, nearer home - and so soon after 1945.

But, rightly, Millet will not allow us just to pass on again. If we are French, there is the scandal of Algeria to live down. If we are British, there is the fact of prisoners in Northern Ireland standing hooded for long hours, deprived of food and sleep and subjected to continuous monotonous noise. It is and should be an unpleasant shock to face such facts. British treatment of terrorist prisoners might be relatively much less severe than torture usually is - although comparisons are of little comfort to victims - but

the meaning is starkly clear. It happens here too; guilt is everywhere.

Because torture is a villainess it is, in one way, easy to evoke shock and concern by recounting the brute facts of it. This Millet does in the passages where she is simply reporting. Her method is to summarise a book by a torture victim, or a film, or to describe

THE POLITICS OF CRUELTY  
by Kate Millet  
Viking Penguin £18, 315 pages

photographs of victims; in this respect her book is an anthology of paraphrases, a sort of agonising Reader's Digest of Solzhenitsyn, Primo Levi, and other sufferers.

Among these summaries she interperses her own meditations and views. Whereas the paraphrases retain something of the power of the originals - suggesting that one should read and think about them and not Millet's summaries of them - her interpolations are nowhere near as telling.

The chief reason is that Millet is indiscriminate. She has her *bêtes-noires* - one especially: "patriarchy", that is, male-dominated culture - and her thinking is restricted

to the polarities thus generated, so that she sees everything in (so to say) *bêtes-noires* and *blanches*. This makes her analyses crude and her advocacy on behalf of victims weaker than it should be.

Her model for explaining what torture is and why it happens is Western male sexuality ("Western" because she was once married to a Japanese, she tells us; she makes no mention of Japanese wartime torture, once a by-word for the practice). She describes "Western eroticism" as a system in which men turn women into vulnerable sexual victims, at the same time hating them for being such.

This doubtful picture is then used to analogise torture. Torture is "based on traditional ideas of domination: patriarchal order and masculinity". Its victims are female, either actually or symbolically. "Torture is hierarchy, a master-slave relationship. It exists to give pleasure to the perpetrator and to humiliate the victim."

No doubt this is sometimes true, but as analysis, it merely scratches the surface. For example, Millet does not consider that a person might torture to punish a terrorist outrage, or out of belief that something dangerous to society impends. Neither does she consider that one might torture to punish a terrorist outrage, or out of belief that something dangerous to society impends. Neither does she consider that one might torture to punish a terrorist outrage, or out of belief that something dangerous to society impends. Neither does she consider that one might torture to punish a terrorist outrage, or out of belief that something dangerous to society impends.

Fiction/J.D.F Jones

## A post-apartheid tale

Here's fortune! Nadine Gordimer, with a speed that beggars belief, has produced her novel of the New South Africa. The Nobel Prize-winner is of course a political writer, and her response to the extraordinary transformation that has overtaken South Africa has all the relevance, sympathy, the wisdom, that we could have hoped for.

*None To Accompany Me* marks, I believe, a welcome retreat from the apocalyptic, even strident, tone that has jeopardised some of her recent books, a return to the quiet authority of the middle period of *The Conservationist* and *Burger's Daughter*. Indeed, it is also a return to the liberal and multi-racial Johannesburg of the earliest novels and short stories of 30 years ago: today, almost unbelievably, the revolution has been achieved, the circle has been closed.

Vera Stark is a dedicated lawyer, working for a version of the real-life Legal Resources Centre, which helps black and disadvantaged people in trouble with what used to be apartheid and which these days finds itself focusing on problems to do with land ownership. It is "the year the prisons opened" - "the year when the old life comes to an end" - and, with majority rule approaching, the exiles are returning home and Vera and her friends can "indulge a little in the euphoria they knew couldn't last, but they were entitled to enjoy..."

Gordimer has always had a remarkable gift for conveying the reality of contemporary South African society, and at this most immediate level *None To Accompany Me* is fascinating. That society is experiencing a convulsion of change: the past is being undone before our eyes. Vera observes, approves, becomes involved, understands: "I can't live in the past", she tells her expatriate son. She understands that, no longer young nor even middle-aged, she must now go in search of her true self.

Her friends Didymus and

NONE TO ACCOMPANY ME  
by Nadine Gordimer  
Bloomsbury £15.99, 324 pages

Sibongile Maqoma have returned from their long and dangerous political exile, having earned their heroes' welcome. But it is Sibongile whose political career blossoms; her husband is dumped ungratefully, and not because he had a brief involvement with the A.N.C. training camps to the north where torture was a scandal of the liberation struggle. The new black middle classes move into the glossy suburbs and restaurants of their white predecessors, the young leader (the unnamed Chris Han) is assassinated, there are terror attacks from the white Right, hit lists, rumours of corruption, casual - and fatal - violence, constant debate about the re-making of the

country - all this is the stuff of the novel, yet informed by Gordimer's concern for her characters and their humanity.

Perhaps the passing away of the old regime makes the abandonment of an old personal life also possible. "There is the theme of *None To Accompany Me*. Vera Stark remembers the friends and lovers of her younger years. She buries her father-in-law and leaves her husband. She acknowledges that her daughter is a lesbian. She welcomes her grandson. She makes a profound, non-sexual relationship with Zeph Rapulala, one of the new black businessmen. She is "working through dependencies". She sells her home and moves into the annexe of Zeph's house.

The symbolism is evident yet never too intrusive. Vera and Zeph are the alliance, the relationship, the friendship, that are to be the new South Africa. Vera - alone in her annexe, rather as black maids used to occupy a room behind the kitchen - has broken with the past and learned responsibility for the consequences of that younger life. She has earned and entered the solitary "Nightfall in Autumn" of Gordimer's epigraph. This is, to repeat, a political novel in the sense that the author writes about the world of strangers, of ideology, of conflict, but she populates and illustrates this world with men and women, black and white, old and young. Vera Stark is one of her most substantial creations.

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